OPEC bulletin

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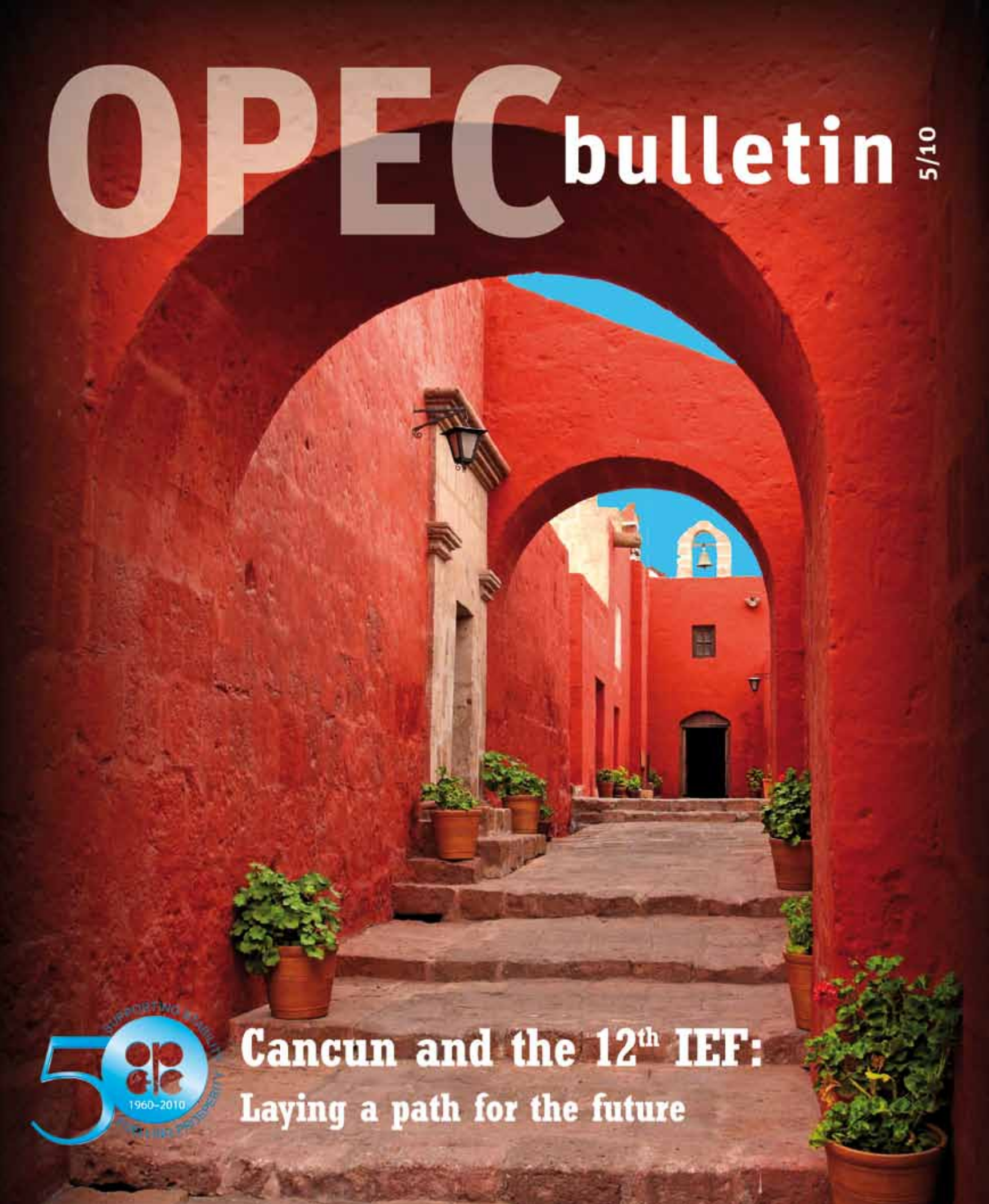

Cancun and the 12th IEF:

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Informality and inclusivity

In June 1991, the OPEC Bulletin noted that "a quiet piece of unofficial history will be made when the representatives of several countries meet next month in Paris. This gathering represents an unprecedented attempt by responsible members of the world community to place energy cooperation near the top of the international agenda." It was the very beginnings of what is known today as the International Energy Forum (IEF).

With much discussion at the recent 12th IEF Ministerial Meeting in Cancun, Mexico, focusing on the future role of the organization, it is certainly interesting to recall just from where it originated, and, in particular, how even in the very early stages the fundamental elements of the IEF were already being put into place.

The IEF is now truly a global organization. It hosts the world's largest gathering of energy ministers; in addition to OPEC and International Energy Agency (IEA) countries, its members include many other major producers and consumers, such as Brazil, China, India, Mexico, Russia and South Africa.

Cooperation sits at the heart of its objectives. The inclusivity of its Ministerial Meetings and partnership projects, like the Joint Oil Data Initiative, are testimony to this. The latter brings together a host of international organizations — including OPEC – and continues to advance its unique, freely accessible and comprehensive database of monthly oil statistics.

These days for 'quiet' and 'unofficial', think 'informal'. The IEF's informal role in the producer-consumer dialogue has fostered flexibility and encouraged a convergence of views, as well as a growing awareness of common interests. It is, as the IEF states, "an atmosphere conducive to long-term cooperation," as producing and consuming nations "embrace interdependency for its potential as a cohesive force, rather than as a source of tension."

All this was evident in Cancun. There were 63 ministerial delegations and 14 international organizations participating. The relaxed environment provided a neutral platform for the sharing and debating of a variety of topics and divergent views. And the meeting saw the issuing of the Cancun Ministerial Declaration, which underscored the importance of enhancing the global producer-consumer dialogue, particularly through strengthening the IEF.

It is hoped that this support will allow the IEF to become more capable of defining and commissioning insightful analyses, provide better information to governments to facilitate a more informed and fruitful dialogue and further assist in its role of bringing producers and consumers together. To incorporate the enhanced framework, a Charter for the IEF and its Secretariat will now be drafted in cooperation with IEF countries.

In addition, specific areas of cooperation between the IEF, OPEC and the International Energy Agency (IEA) were also identified, such as looking at and sharing analysis on present and future energy trends and the links between physical and financial markets; ones that are in line with and supportive of the Declaration.

Signed by 66 countries, the Declaration is a clear endorsement for enhancing the IEF. And, at the same time, it is an acknowledgment of the significance of those fundamental elements that were being put in place back in 1991; elements that have served it so well.

It is important that the IEF remains an impartial and unbiased platform for bringing together producers and consumers from across the world, continues to foster better cooperation and encourages shared insights about the challenges posed by an increasingly interconnected world. Informality and inclusivity are the keys to its uniqueness.

OPEC has supported the establishment and development of the IEF from the very beginning. Indeed, one of its Member Countries, Saudi Arabia, is home to the IEF Secretariat. Going forward, OPEC remains deeply committed to the organization's future success. Transparent and open dialogue is, and will continue to be, an essential part of the energy industry's future.

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Cover
This month's cover shows a typical traditional building with arches in Mexico (see stories on pages 4–47).
Photo: Shutterstock.

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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; SP Libyan AJ (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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IEF12

INTERNATIONAL ENERGY FORUM

A truly global gathering

Attracting many of the world's energy ministers, the heads of OPEC and the International Energy Agency (IEA), as well as the chief executive officers (CEOs) of a number of the world's oil majors, the biennial International Energy Forum (IEF), held in Cancun, Mexico, at the end of March, could certainly be described as a major global engagement. ***James Griffin*** *reports on the event that brought together producers and consumers, in an informal environment, to discuss and debate the challenges and opportunities facing the energy industry, as well as the future of the IEF.*

It seems that Mexico has something to offer all visitors. It is a country full of opposing identities: desert landscapes and snow-capped volcanoes; ancient ruins and buzzing industrialized cities; ageing colonial towns and swanky resorts; deserted beaches and an incredible collection of flora and fauna. Given the nature of the producer-consumer dialogue, where differing views and agendas can often sit side-by-side, it was perhaps an appropriate host for the 12th IEF Ministerial Meeting; an event that brought together a wide variety of energy industry stakeholders from across the world.

The backdrop of Cancun *(see also story on p42),* and the Moon Palace Resort where the meeting took place, also offered up a relaxed setting from where all parties could move forward with the IEF's informal dialogue. Sun, sea and sand, combined with a casual (there was a no tie agenda), collaborative and cooperative approach.

The two-day event, co-hosted by Kuwait and Germany, was opened by the Mexican Head of State, Felipe Calderon, who during a speech highlighted the importance of dialogue between consumer and producer countries, particularly in the light of the recent financial and economic crisis. He said that it was time to take advantage of the lessons learnt from the crisis and design more stable frameworks that help achieve both energy security and environmental sustainability. Calderon also noted that he understood the importance of the IEF, having attended the 9th IEF Ministerial Meeting in the Netherlands in 2004 as Mexico's Secretary of Energy.

These issues were expanded on by Mexico's current Secretary of Energy, Georgina Kessel, who underscored that the meeting's agenda contained many key issues, such as energy price volatility, the financial crisis, the global economic downturn, energy poverty and climate change. She added that the talks would provide a platform to "promote concrete actions."

A big agenda, with big topics, and as IEF Secretary General Noé van Hulst stated, with the IEF being "the most inclusive energy organization in the world", he hoped that it could realize its "big potential." He added that he hoped discussions would build on the work embarked on since the last IEF Ministerial Meeting in Rome in 2008 and help guide the Forum's work in the next two years "as we engage with every corner of the energy community to build trust and advanced mutual understanding."

Felipe Calderon, Mexican Head of State.

A changing landscape

It became quickly apparent that many speakers' thoughts were focused on the transformation of the global energy scene, principally the changes that had occurred since the Rome meeting in 2008. There was much talk of the *ad hoc* Jeddah and London energy meetings of 2008, the impact of the financial crisis and the macroeconomic slowdown, the oil price spike to almost $150/barrel in mid-2008 and the fall to below $40/b by the end of the year. And obviously the causes, impacts and possible ways forward, particularly in regards to what caused the volatility and the means available to make sure this type of situation does not occur again.

Energy market volatility

There was a clear consensus that no-one wanted to return to the extreme price fluctuations and volatility that characterized the oil market back in 2008 and early 2009. OPEC Secretary General, Abdalla Salem El-Badri, said he hoped that "the large price swings and the extreme volatility that we have witnessed in 2008 and 2009 are consigned to the past. These types of events are detrimental to both producers and consumers."

Lord Hunt, the then UK Minister of State at the Department of Energy and Climate Change, also underlined the importance of bringing volatility under control. "Oil price volatility has very negative consequences for the world as a whole" he said. "Stable and efficient energy markets" are needed "to help the globe as a whole recover from the financial problems seen in the last two years."

Mexican Head of State, Felipe Calderon (c), during the opening ceremony of the 12th International Energy Forum with participating ministers and delegates.

However, disagreement persists in some quarters as to the reasons behind the price volatility. Some maintain it was market fundamentals, while others underline excessive speculation.

El-Badri stressed that the price swings in oil markets, which saw days when the price of crude oil fluctuated by as much as $16/b, "cannot be justified by fundamentals." It was obvious and clear, he said "that it was speculative activity, as the regulatory proposals and measures underway in financial markets today suggest."

The speculation position is certainly gaining more traction and it was evident that speakers appreciated the need to better understand the role of speculative activity in oil markets. In its background paper for the IEF meeting, the IEA said that, while remaining mindful of the vital role of speculative capital in facilitating risk management, market liquidity and price discovery, "improved oversight of commodity futures and derivatives markets at national and international level will also be crucial to help deepen understanding of the role of financial flows in influencing prices."

In fact, the Cancun Ministerial Declaration, agreed upon by 66 countries at the meeting, outlined areas of cooperation between the IEF, the IEA and OPEC, with one specific area focused on better understanding physical and financial market linkages and energy market regulation.

El-Badri appreciated that volatility could not be eliminated altogether, but stressed that "we need to lessen the magnitude of the swings and I feel that there is now a common understanding that a price that is neither too high nor too low is favourable to all."

The importance of this, specifically for investment in an industry of long lead times and high capital costs, is clear. More stability and transparency is paramount, with the benefits of the Joint Oil Data Initiative highlighted by many speakers over the two days. This was evident in the Concluding Statement from the hosts and co-hosts.

Ali I Naimi (r), Saudi Arabia's Minister of Petroleum and Mineral Resources, with Abdalla Salem El-Badri, OPEC Secretary General.

Investment

No-one was in doubt that future energy use will grow. In OPEC's reference case projections, energy use increases by 42 per cent from 2007 to 2030 and oil is expected to continue to play the leading role to 2030. To put this into an investment context, the Concluding Statement stated that "projected global energy investment needs amount to over $25 trillion up to 2030."

For oil, there was also general agreement that there are enough resources to meet demand for the foreseeable future. Estimates from the US Geological Survey of ultimately recoverable reserves have practically doubled since the early 1980s. And the world is expected to continue to increase its conventional and non-conventional resource base.

However, as Ali I Naimi, Saudi Arabia's Minister of Petroleum and Mineral Resources pointed out, there remain many "daunting" investment uncertainties for oil producers. He emphasized demand, which continues to be subject to downward revisions, and supply, where sizeable, but uncertain increments are being planned; the lack of transparency in financial markets; as well as the issue of spare capacity, both for the upstream and downstream. "These factors all complicate investment decisions and the oil industry's task of meeting future energy demand," he said.

This highlights the importance of viewing energy security as reciprocal. "It is a two-way street," said El-Badri. "Security of demand is as important to producers as security of supply is to consumers." In this regard, he added, it was also critical for consuming countries to be "clearer about the impact of their policies on future oil consumption levels and overall energy demand." It was important, he said, to appreciate that unclear or unrealistic policies and decisions can send the wrong signals to producers and investors.

These issues, alongside the current fears surrounding the pace of the global economic recovery, translate into a significant uncertainty gap for upstream investments in OPEC Member Countries, he stressed. This was a point restated by a number of individual OPEC Member Countries, as well as some non-OPEC producers.

In addition, the evolving roles of national oil companies (NOCs) and international oil companies (IOCs) was also much discussed. There was recognition that many NOCs have grown in stature, both financially and technologically, over the years. And various IOCs talked about access to resources and the benefits they can bring from a financial, technological and managerial perspective. In general, however, much was made of the importance of cooperation and value-driven, long-term partnerships between NOCs and IOCs.

Human resources and technology

The issue of human resources was also high on the agenda. The current global economic climate has

Abdalla Salem El-Badri (r), OPEC Secretary General, with Rex W Tillerson, Chairman and Chief Executive Officer of ExxonMobil.

obviously had an impact on recruitment, but from a historical perspective there was also much talk of the large-scale downsizing that led to a lack of recruitment in the energy sector during the 1980s and 1990s, the knock-on impact of a reduction in students taking energy-related courses and the fact that a sizeable section of the industry's workforce are rapidly approaching retirement.

Peter Voser, Chief Executive Officer at Royal Dutch Shell, underlined the importance of making the industry a more attractive workplace, providing more investment in training, as well as the benefits of collaboration between industry players. And he also stressed the potential of the developing world in this area, specifically that they have a younger population and potentially a greater skill pool than in OECD countries.

Alongside the human resource issue, many also broached the importance of technology to the industry's future, as well as the costs associated with developing and using it. In many respects the two go hand-in-hand. Developing innovative technology requires the human element and *vice versa*.

Below (l–r): Eng José Maria Botelho de Vasconcelos, Angolan Minister of Petroleum; HRH Prince Abdulaziz bin Salman bin Abdulaziz Al-Saud, Assistant Minister of Petroleum and Mineral Resources, Saudi Arabia; Félix Manuel Ferreira, Angola's Governor for OPEC.

There was an acknowledgment that past advancements in technology have helped expand production and improve recovery rates, but it was essential that the research, development and deployment of technology are maintained. And in an increasingly carbon-constrained world, this includes the early development and deployment of cleaner technologies.

Sustainability

There was recognition that renewable energies will play an increasing role in the energy mix, but fossil fuels would continue to provide the majority of the global energy supply for decades to come. With this in mind, and given the need to mitigate climate change, there was a specific focus from many speakers on the need to improve the environmental sustainability of fossil fuels.

The Concluding Statement noted that "carbon capture and storage (CCS) is one of the key technologies to achieve this" and added that "where CCS can be deployed in conjunction with enhanced oil recovery, it may prove to be a catalyst and stepping stone to commercial deployment of CCS." While some pointed to encouraging signs, the issues of cost, knowledge-sharing and the necessary regulatory infrastructure were viewed as significant obstacles.

It is certainly an area that the IEF is keen to push, with van Hulst mentioning the importance of CCS on several occasions. This is also being backed by actions. On May 31 this year, the second IEF-Global CCS Institute Symposium will be held in Algeria. The two-day event is focused on promoting the exchange of technical and policy elements of CCS projects and investigating ways to accelerate its deployment, particularly through enhanced cooperation and partnership.

Energy poverty was also a central theme at the IEF, and as El-Badri highlighted, "this issue needs the urgent and critical attention of world leaders, much as the attention given to climate change." Figures such as 1.5 billion people having no access to electricity and 2.5bn not having adequate energy services were stark indications of what is required.

In the Concluding Statement, Ministers noted, endorsing the conclusions of the IEF Symposium held in December 2009, that reducing energy poverty should be added as the ninth Millennium Development Goal. Ministers also committed to step up their own efforts in this area, collectively calling on all relevant multilateral and bilateral organizations, as well as the energy indus-

try, to do the same, and stressed that the IEF Secretariat needs to keep energy poverty high on its agenda and its future programme of work.

The road ahead

There were many positives to take away from Mexico. The Cancun Ministerial Declaration further emphasizes the importance attached to strengthening the consumer-producer dialogue, recognizing "the need to maintain high-level political engagement." It confirms the political and financial commitment of IEF countries to an enhanced energy dialogue and outlines the path for a stronger IEF institution. The importance of this was certainly an overarching theme for the meeting. And, of course, there was much discussion, both at the meeting and on the sidelines, about the energy future.

Alongside the positives was the acknowledgment that there was still much work ahead. From the perspective of the IEF, this includes developing a Charter for the organization over the next year. Ministers have agreed to convene again before March 2011 in Riyadh, Saudi Arabia, to approve it. An apt date, given that it is also the 20th anniversary of the international energy dialogue, which began in Paris in 1991. And, of course, for the oil and energy markets in general, challenges continually need to be met on a daily, weekly, yearly and long-term basis. And these cannot be tackled alone. As Naimi said, the challenges before us are great and "we must confront them with a commitment to collaboration and cooperation."

Above: Members of the OPEC delegation to the IEF meeting (l–r), Mohammad Alipour-Jeddi, Head, Petroleum Studies Department; Nadir Guerer, Research Analyst; Dr Hasan M Qabazard, Director, Research Division; Abdalla Salem El-Badri, OPEC Secretary General; Abdullah Al-Shameri, Head, Office of the Secretary General; Zoreli Figueroa, Senior Public Relations Coordinator; Mohamed Hamel, Senior Advisor to the Secretary General.

Below: Delegates to the 12th International Energy Forum gather for a group photo.

A landmark in the producer-consumer dialogue

Above: Ali I Naimi (third left), Saudi Arabia's Minister of Petroleum and Mineral Resources with HRH Prince Abdulaziz bin Salman bin Abdulaziz Al-Saud (second left), Assistant Minister of Petroleum and Mineral Resources, Saudi Arabia, and Chair of the High-Level Steering Group. Also pictured (l–r): Graham White, Director of International Energy and Technology at the UK's Department of Energy and Climate Change; Georgina Kessel, Mexico's Secretary of Energy; Lord Hunt, the then UK Minister of State at the Department of Energy and Climate Change; Noé van Hulst, IEF Secretary General; Abdalla Salem El-Badri, OPEC Secretary General; Nobuo Tanaka, Executive Director, International Energy Agency.

On the occasion of the 12th International Energy Forum (IEF) in Cancun, Mexico, ministers of energy and high-level government representatives from IEF Countries issued a declaration of support for an enhanced global producer-consumer energy dialogue. The OPEC Bulletin reports on the background to the Cancun Ministerial Declaration and its significance to both the dialogue and the IEF in the years ahead.

There is little argument about the best way to solve today's global energy challenges. In an increasingly interconnected energy market, these issues cannot be solved unilaterally. They require all stakeholders to cooperate together and engage in frank and open dialogue. It is a viewpoint that was evidently supported at the 12th IEF, where producers, consumers, transit states and other key industry players gathered to converse, debate and take action on some of the major challenges facing the energy industry today. This was reaffirmed in the Cancun Ministerial Declaration; the major outcome from the meet-

Left (l–r): Noé van Hulst, IEF Secretary General; Abdalla Salem El-Badri, OPEC Secretary General; Nobuo Tanaka, Executive Director, International Energy Agency.

Above: The then UK Minister of State at the Department of Energy and Climate Change, Lord Hunt.

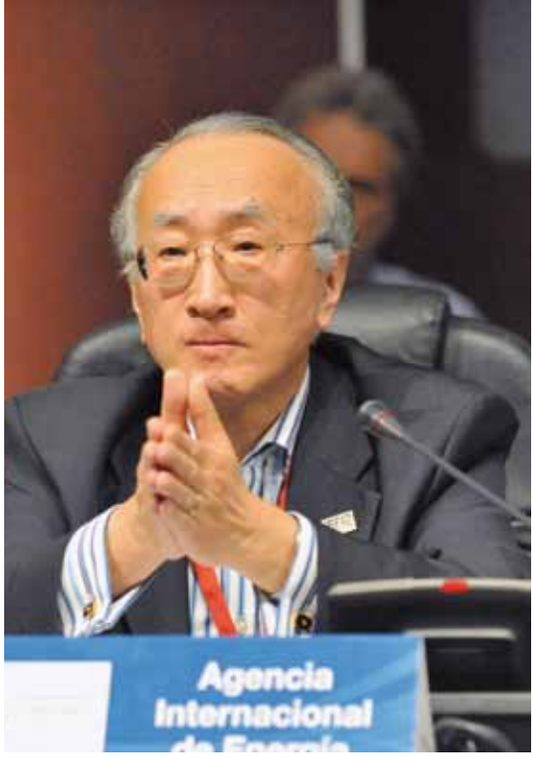
Left: IEF Secretary General, Noé van Hulst.

ing. Agreed by 66 IEF countries, it reiterates commitment to the global energy dialogue.

According to the IEF, which has been described as the most inclusive intergovernmental energy organization in the world, the Declaration "confirms the political and financial commitment of IEF Countries to an enhanced energy dialogue and outlines the path for a stronger institution." It will allow the IEF to become "more capable of defining and commissioning insightful analyses, providing better information to Governments to facilitate a more informed and fruitful dialogue" and "permit enhanced cooperation on improving the functioning of energy markets."

HRH Prince Abdulaziz bin Salman bin Abdulaziz Al-Saud, Assistant Minister of Petroleum and Mineral Resources, Saudi Arabia, and Chair of the High-Level Steering Group (this group is outlined in more detail later), stated: "The Declaration is an embodiment of the shared views of producers and consumers and a recognition of the need for stronger, broader and more effective cooperation."

It is unmistakably a major milestone in the ever-



Nobuo Tanaka, Executive Director, International Energy Agency.

evolving producer-consumer dialogue; one that has had much praise heaped on it from many parties. And it is an endeavour that has taken much time and effort; as Prince Salman said in his outline of the Declaration "it is the result of a serious, inclusive and transparent process."

Origins

To further understand the nature of the Declaration, it is important to trace its origins. Almost two years ago, when energy markets were in the midst of extraordinary turbulence, with large price swings and extreme volatility, there was a clear need to take stock of the situation and to look at ways and means to restore confidence and stability.

With this background the Custodian of the Two Holy Mosques, HM King Abdullah Bin Abdul-Aziz, called for the holding of an *ad hoc* energy meeting in Jeddah, in June 2008. This was followed by a further meeting in London, in December 2009, called by the UK Prime Minister, Gordon Brown. "On both occasions," said Prince Salman, "Energy ministers expressed the political will to strengthen the producer-consumer dialogue and to explore proposals to tackle the issue of extreme volatility in energy markets."

This led to a decision to form an Expert Group that would be asked to look into a variety of issues related to these topics. And to support their work, a High-Level Steering Group — 11 countries volunteered for this, namely Algeria, France, Germany, Japan, Kuwait, Mexico, Norway, Qatar, Saudi Arabia, the UK and the United States — was charged with selecting the Expert Group and defining its terms of reference.

Outcomes

The IEF Charter

The eventual outcome, following various meetings, discussions and reviews, as well as the formation of an Expanded High-Level Steering Group, was the Cancun Ministerial Declaration.

It is evident from this, as Prince Salman stated, that there is "an overwhelming agreement that the institutional structure of the IEF needs to be strengthened, while also safeguarding the informality of the dialogue." And with this in mind, he added, it is essential "to reinforce the commitment of producer and consumer countries to the dialogue and to ensure predictable and sustainable funding of the Secretariat at an adequate level; one that is commensurate with the expanded role and additional tasks of the IEF."

To incorporate the enhanced framework it was also agreed that the IEF and its Secretariat need a Charter. The Charter will be drafted in cooperation with IEF Countries over the next 12 months, and in a press release, ministers outlined that the IEF should continue to focus on: narrowing the differences among producing and consuming countries, both developed and developing; promoting transparency of data, stability of markets and predictability of energy policy; facilitating high-quality analysis and wider collection, compilation and dissemination of data, in order to focus debate more effectively; and identifying principles and guidelines to enhance energy market stability and sustainability.

The draft IEF Charter will be finalized by a newly-constituted Expanded High-Level Steering Group of the countries that have approved the Ministerial Declaration and wish to be "actively engaged in the process of overseeing the drafting of the IEF Charter." The IEF Charter will then be submitted for approval to an Extraordinary Ministerial Conference, to be held in Riyadh before March 2011.

Energy market volatility

From the perspective of energy market volatility, there was a clear understanding that energy markets need to be as transparent as possible to enable their efficient and effective operation. In presenting the part of the Cancun Ministerial Declaration related to this issue, Graham White, Director of International Energy and Technology at the UK's Department of Energy and Climate Change, said there was agreement that markets need to better reflect fundamentals and that it was important to look at linkages between physical and financial markets.

In this regard, recommendations include the IEF Secretariat, as a neutral forum, focusing on providing improved and expanded data and information, as well as the preparation of regular comparative reports on the basis of a compilation of existing material addressing the root causes of volatility, the relationship between market fundamentals and speculation, and mechanisms to improve market efficiency.

IEA, IEF, OPEC cooperation

Additionally, in one of the two attachments to the Declaration, the IEA, OPEC and the IEF identified areas of cooperation between them; ones that are in line with and supportive of the High-Level Steering Group recommendations and which have been approved by their respective Boards. The organizations have agreed to share analysis on present and future market trends; links between physical markets, financial markets and regulation, and further enhancing transparency through collecting data on natural gas and annual investment plans on energy production.

Broad support

Following approval of the Declaration, support was forthcoming from a variety of industry players. Georgina Kessel, Energy Minister of the host country of the 12th IEF, Mexico, stated that she had "no doubt that we are going in the right direction thanks to this unprecedented declaration." Ali I Naimi, Saudi Arabia's Minister of Petroleum and Mineral Resources, underscored the importance of further strengthening the producer-consumer dialogue for the benefit of all. And Lord Hunt, UK Energy Minister, stated that "our international agreement today will set the IEF on a course to becoming a Forum that will guide action and delivery for both producers and consumers."

It was clear, however, that despite this being viewed as a landmark achievement, it is also only a stepping stone in the ever-evolving dialogue. It is important to continually turn words into actions. In regards to the IEF, the next major event is the development and finalization of the IEF Charter, which is expected to be approved early next year.

Above: HRH Prince Abdulaziz bin Salman bin Abdulaziz Al-Saud, Assistant Minister of Petroleum and Mineral Resources, Saudi Arabia; Ali I Naimi (r), Saudi Arabia's Minister of Petroleum and Mineral Resources; Graham White, Director of International Energy and Technology at the UK's Department of Energy and Climate Change.

Below (l–r): Nobuo Tanaka; Ali I Naimi; HRH Prince Abdulaziz bin Salman bin Abdulaziz Al-Saud; Abdalla Salem El-Badri.

Talking with the host

***Georgina Kessel** (pictured above) is one of a select few; a female energy minister in an industry where men tend to dominate the most senior roles. As Mexico's Secretary of Energy, Kessel, was certainly a stand out at the 12th International Energy Forum (IEF) Ministerial Meeting. As host she seemed to be everywhere; chairing sessions, greeting delegates, talking to the press and even finding time to have lunch! An active and assertive woman, with an easy smile for all who meet her, Kessel spoke to the OPEC Bulletin about the IEF meeting and her thoughts on Mexico's and the world's energy future.*

The 12th IEF Ministerial Meeting in Cancun focused particularly on the issues of alleviating energy market volatility and strengthening the role of the IEF. From your perspective, have the objectives and expectations for the event been achieved?

Yes, on both counts, as illustrated by the Cancun Ministerial Declaration, the first ever within the IEF. The objective of the 12th IEF Ministerial Meeting was to focus the dialogue on energy industry fundamentals, in order to advance the global effort to establish better practices and generate coordinated solutions. Expectations were high, particularly regarding discussions on market volatility given the price and investment woes of 2008 and 2009.

Ministers in Cancun welcomed the recommendations of the IEF Extended High-Level Steering Group, so that we could identify the strategies necessary to solve the problems we face. This includes issues such as the functioning of energy markets and how this can be improved through transparency and the facilitation of greater flows of information, which by its very nature reduces uncertainty.

The Cancun Ministerial Meeting also marks an important milestone for multilateral action on oil markets, as it sets forth an enhanced global producer-consumer dialogue. This means 66 countries have concurred, at the highest level, that the challenges of, among others, investment sustainability, energy poverty, and climate change will not be resolved unilaterally. It is a message that underscores the political and financial commitment of the world's leading developed and developing countries to address these issues through the frank and open dialogue fostered by the IEF.

How do you feel the relationship between producers and consumers is developing? What areas do you feel can be improved?

About Georgina Kessel

Georgina Kessel has extensive experience in the public sector, particularly energy matters. She has worked at Petróleos Mexicanos (Pemex), where she was Director General of Sectoral Economic Analysis of the then Energy, Mining and Parastate Industry Secretariat. In 1994, she was appointed First President of the Energy Regulating Commission. She also served as Director of the Current Investment Unit of the Finance and Public Credit Unit, where she was responsible for reviewing the investment projects of the public sector in general and Pemex, the Federal Electricity Commission and Luz y Fuerza del Centro, in particular. She became Mexican Secretary of Energy in 2006. Kessel obtained a BA in Economics at the Instituto Tecnológico Autónomo de México and a PhD in Economics from the University of Colombia, New York.

The emerging approach to overcoming global energy challenges is based upon finding cooperative solutions. This is a direct result of the current state of the producer-consumer dialogue: not only are consumption patterns shifting their centre from the OECD into Asia, the Middle East, and Latin America, but the extent of the understanding needed between producers and consumers to adjust to these changes is quite significant. The shortcomings of the strategies followed in previous decades have been replaced by the conviction that both producers and consumers lose when communication is thwarted by short-term objectives.

The latest example is that the majority of consuming countries have supported the call from producer countries to consider energy security from both perspectives, supply and demand. At the *ad hoc* energy meetings held in Jeddah and London during 2008, as well as in Cancun, participants highlighted the importance of stable oil prices to allow for predictable and sustained investment throughout the entire energy production chain.

In terms of the dialogue, what do you see as being the most critical issue?

It is a difficult question. I do not think there is one specific issue. I think it is that we can all, through dialogue, find answers to some of the questions we are facing in the energy sector. There is no doubt that we have to work together, we have to improve technology and we have to be able to walk the path to reduce our impact on the environment. These are things that we are sharing between our countries, and that is one way in which the world can look to have a better energy sector than the one we have right now.

You touched briefly there on the issue of the environment. And you also mentioned in a previous response the challenge of energy security. These are clearly two key global issues. It leads me to the question, what do you think is the best way to achieve both energy security and the mitigation of climate change?

That is another very good question. I think at this time the energy sector is being transformed. We are a lot more conscious of our impact on the environment and all countries are taking steps to reduce greenhouse gas emissions. In the case of Mexico, we have a very strong programme that focuses on energy efficiency. That is one way; and

it is the quickest and most economical way of reducing emissions into the atmosphere. And another thing that we have to promote is the diversification of our energy matrix. We are currently too dependent on fossil fuels and one way to reduce that dependency and increase our energy security is to diversify our energy mix.

Another important relationship for the energy industry is the one between OPEC and non-OPEC producers. With Mexico being a major non-OPEC producer, how do you feel this relationship is evolving at the present time?

At the Cancun Ministerial Meeting, OPEC and non-OPEC producers were able to share insights on how to solve the human resources shortfall as exploration pursues more unconventional oil sources. There were discussions about strategic partnerships between national oil companies, and of ways to address the technological challenges ahead.

Mexico has remained an independent actor in the energy industry for decades, relating to all parties and seeking a healthy world energy market. It is important that the dialogue between OPEC and non-OPEC producing countries remains focused on generating effective solutions to deploy infrastructure, create new investment schemes, and bring about a common front to push forward both technology transfer and capacity-building.

We will strive to maintain this understanding in the future; more improvement lies ahead because the common problems we face demand that we create and exchange innovative new solutions.

In Mexico, there has been much talk recently about reform of the oil sector. Is this a necessity? How is it progressing?

To illustrate the need for the recent reform of the oil sector, I only need to point to the fact that Mexico has registered a recent decline in oil and gas production. In 2004, Mexico reached its highest historical level of oil production: approximately 3.4 million barrels/day. In contrast, our current production is 2.6m b/d. This is a result of the declining volumes seen at several of our main oil fields, notably Cantarell in the shallow waters of Campeche, in the Gulf of Mexico.

Currently, Mexico faces the challenge of developing new oil fields of much greater complexity than the ones developed during the last three decades, as well as the

Above: Georgina Kessel with Sheikh Ahmad Abdullah Al-Jaber Al-Ahmad Al-Sabah, Kuwait's Minister of Oil and Minister of Information.

Top left: Kessel with Ali I Naimi, Saudi Arabia's Minister of Petroleum and Mineral Resources.

Bottom left: Kessel with Abdalla Salem El-Badri, OPEC Secretary General.

challenge of carrying out efficient exploration activities in less accessible locations, such as in deep water, in order to transform our prospective resources into proven reserves.

However, the implementation of new and much needed regulatory and operational actions was being hindered by an out-of-date oil legal framework, which essentially remained unchanged for several decades. The oil sector reform approved by Congress in 2008 was designed to address and resolve many of the shortcomings of the former regulation, creating a new statutory context in which the Mexican oil industry could develop and reach its maximum potential. Since enactment, the years 2009 and 2010 have constituted the institutional consolidation period for the oil sector reform. And during the same period, new instruments have been designed to improve the production of our oil resources, for the benefit of Mexican society.

Allow me to outline some of the main aspects. They include installing a new, more professional Board of Directors at Pemex (the country's national oil company), which focuses on the economic value of the company. A new oil contracting scheme has also been created, to provide Pemex with a workable framework to award contracting processes for specialized services, provisions, and works, as well as the opportunity to remunerate contractors based on performance and results in a manner aligned with the most advanced international practice, and to do so within our constitutional framework.

The Ministry of Energy has, through the vesting of new powers, strengthened its role as the developer of public

Mexico is currently looking at ways to arrest a decline in domestic oil production from some of its main fields, including Cantarell in the shallow waters of Campeche, in the Gulf of Mexico.

policy, and the energy sector's regulatory body. And the National Hydrocarbons Commission was created to be the technical advisory body of the Ministry of Energy, with the prerogative of enacting technical regulatory instruments, and assigned the responsibility for the supervision of oil exploration and production activities.

You touched upon the issue of the Cantarell oil field in your response to the last question. The decline of this field is obviously a big challenge for Mexico. How is Mexico managing this decline? What is the current replacement rate?

We are focusing on implementing the best operational practices to contain the decline in Cantarell. The field has decreased its daily output by 1.6m b/d since 2004. Its output now stands at 500,000 b/d. The current strategy is to maximize the ultimate recovery factor. And at the same time several steps are being taken to extend the field's life. These include production monitoring, balancing gas extraction-reinjection, increasing nitrogen injection and rehabilitating existing wells.

The reduction has also been partially offset by increasing the work-pace in other fields with high production potential, such as Ku-Maloob-Zaap, which has increased its output by almost 600,000 b/d since 2004, from 300,000 b/d to 900,000 b/d in 2010. And there are other smaller production increases in fields, such as Ixtal-Manik and Ek-Balam in the Mexican south-east.

Allow me to add something further on Cantarell. PEMEX is focused on studies and special reference tests designed to: implement the enhanced oil recovery processes to increase the hydrocarbon recovery factor; inject gas into the water invaded zone to displace it; apply new technology to drilling and well completion activities; drill horizontal and multilateral wells to improve the fluid drain from the reservoir; control gas and water in the reservoir; manage gravitational drainage, so the hydrocarbons mixed in the gas cap will drop into the oil zone; maintain pressure in the reservoir; increase compression capacity and the sour gas injection rate; and, to re-design the field development of near reservoirs, such as Sihil, Kutz, Ixtoc and Kambesah, to take advantage of existing facilities in Cantarell.

Let me say that this combination of actions is beginning to show encouraging results. The production decline rate in the first half of 2009 was 38 per cent, while in the second half of the year the decline rate was 12 per cent.

And finally, another major event will be held later this year in Cancun — the COP 16. What are your country's hopes and expectations for this event?

The COP 16 presents the opportunity for a fundamental change in the way the world approaches the threat of global warming. As we approach this meeting, we bring with us the experience we gained at the 12th IEF Meeting, and a better understanding of how the needs of producers and consumers interact with the needs of environmental protection.

President Calderón has made it abundantly clear: the results of how countries choose to face the global energy challenges will shape our lives for decades to come.

The fight against climate change is a priority because it underlines the need for cooperative solutions across a broad range of subjects. Climate change lies at the core of the fight against energy poverty, the research for technological innovation, and the emergence of new economic structures.

Mexico is committed to improving the exploitation of renewable energy sources and the deployment of clean technologies across the world. More than half of our new electrical capacity to be installed between 2009 and 2012 will be renewable.

We have set the goal that, by 2012, 26 per cent of our total installed electricity generation capacity must be derived from renewable sources. This includes hydroelectric plants with a capacity greater than 30 megawatts, as well as more improvements in biomass and biogas, mini-hydroelectric, and geothermal projects. All of these initiatives are already underway.

We expect that, as a result of COP 16, participating nations will substantively increase incentives for the global investment community to move forward with clean energy technologies.

Mexico will do all it can to create an environment in which the international community can arrive at the necessary policy accords and agreements.

This article is a combination of separate interviews conducted by PRID's Zoreli Figueroa, Senior Public Relations Coordinator, and James Griffin, Editor and Speechwriter. One was carried out during the 12th IEF Ministerial Meeting and the other after the event.

Strengthening the IEF

Noé van Hulst has been at the head of the International Energy Forum (IEF) for just over two years. When taking up the post, it is clear, by his own admission, that he did not anticipate such a turbulent period for the energy market. Then, no-one really did. Recalling this time, van Hulst talks to the OPEC Bulletin about his thoughts on what has happened, the value of the producer-consumer dialogue and the importance of strengthening the IEF.

Question: As we are here at the 12th IEF Ministerial Meeting, in Cancun, Mexico, I was hoping you could elaborate on the importance of this event to your Organization, and the significance of it in relation to the producer-consumer dialogue?

Answer: The IEF ministerial meetings are always extremely important as they bring together many ministers from both producing and consuming countries. It is basically the largest energy ministerial meeting in the world. Talking specifically about this one in Cancun, the reason why this is important is because we are not only going to talk about the usual things. We are also here to talk about the future of the IEF, and the strengthening of its Secretariat, as well as the future of the producer-consumer dialogue. This is why this gathering is so important.

I just want to touch on your time at the IEF Secretariat. You have been in your role as Secretary General of the IEF for just over two years now. How do you view what you have been able to achieve thus far? Has the position been easier or more difficult than you originally anticipated?

That is always a very good question. I do not think that when I took up the position I had anticipated there would be so much turmoil in the industry. But then I am sure that this is the same for everyone in this sector. The past two years have been extremely turbulent. We saw oil prices in the first part of 2008 go through the roof, to hit nearly $150/barrel, and then six months later they were below $40/b. That kind of excessive volatility is very bad for everyone, both producing and consuming countries, and obviously for the world economy in general. There is no doubt this has been a very significant event and one that we are all now trying to learn lessons from. So in that sense, it has been very different to what I originally envisaged.

In terms of what we have achieved, I think, firstly, it is setting in motion a process of trying to learn the lessons from what has happened. Asking the questions, how can the dialogue better cope with this kind of situation? And what can we do to avoid this kind of excessive volatility in the future? Secondly, it is perhaps important to focus on what we have not been able to achieve before. Here, I am talking about organizing what I call grassroots dialogue that brings together experts from both producing and consuming countries to discuss key topics and to then try and analyze what is going on. For example, one

About Noé van Hulst

Noé van Hulst worked for the Ministry of Economic Affairs in the Netherlands from 1985–2003. During this period, he undertook a variety of roles, including Head of the Longer-Term Studies Group and Deputy Director for Technology, Director for Fair Trading and Deputy Director-General of Economic Structure and Director-General for Energy. In 2003, he joined the IEA as Director, Long-Term Cooperation and Policy Analysis. From 2001–03 he was Chairman of the Executive Board of the IEF and, in 2008, he became Secretary General of the organization. Van Hulst holds a Master's Degree and PhD in Economics from the Free University of Amsterdam in the Netherlands.

such topic has been carbon capture and storage. This has meant looking at the costs, benefits and limitations of the technology, and then focusing on what can and should be done to advance it. Another topic is cooperation between NOCs and IOCs, looking at how this can be improved going forward.

I feel that this has all enriched the dialogue. It broadens it, makes it more substantial and involves more people. And it allows us to come up with recommendations for ministers and industry leaders regarding what can be done in key areas that everyone is concerned about.

Thinking more externally, again over your tenure as head of the IEF, have your perceptions of organizations, such as OPEC, and the oil market in general, changed?

In my position, it is certainly a tremendous learning experience being in so much contact with such a diverse range of countries. My previous role was at the International Energy Agency, and while this was obviously interesting, its membership is relatively homogenous, compared with what I now experience at the IEF. There are the major producing countries, and these are not just from OPEC, there are the big non-OPEC producers, such as Russia and Mexico. And on the consuming side, there are big players outside of the IEA's membership, such as China and India. Taking all this into account, my perception has changed because I am now confronted with a larger diversity of countries, and all that goes with this, such as the issues and challenges they are facing.

In addition, it is also a period where we are witnessing the rise of emerging economies, such as China, India, Brazil, Russia and South Africa. These are now important players, in both the world economy and the global energy scene. Their development is a challenge for the IEF; we

need to make them see that the IEF is a place where they can feel at home. I am sure we are going to see more of their impact in the years to come.

Do you feel you have been able to play a role in consensus-building since you took up your position at the IEF? How easy has it been bringing consumers and producers, often with differing views, to the table?

Of course I try to bring producers and consumers together, but I would not subscribe developments to my efforts. What I think is true is that because of the recent market turbulence and extreme price volatility that harmed both producers and consumers there is a much broader acknowledgement from both that they have no choice but to look to tackle these issues together in a strengthened dialogue.

I think this is why they set in motion the follow-up process to the *ad hoc* Jeddah and London energy meetings in 2008. The process has led us here to Cancun; to discuss how to strengthen the dialogue and how producers and consumers can look to limit oil market volatility. So, in that sense, I think they realize they need to work together. Yes, it may be difficult, but they need to further improve the mutual understanding of where differences of opinion exist and build more trust on how to tackle the future.

In this regard, do you see the IEF playing a greater and more expanded role in the future?

I feel it is moving in that direction. As I have mentioned, there is an acknowledgement that we need a strengthened and enhanced process and a more productive dialogue between producers and consumers. The IEF is in a unique position in this regard. First of all, there is the global coverage.

The IEF covers over 90 per cent of the global oil and gas supply and demand. And secondly, there is our informal position. The IEF is a neutral facilitator of the dialogue because we incorporate both producing and consuming countries, as well as transit countries.

Of course any enhanced role will be in conjunction with our cooperation with OPEC, the IEA, and others. In fact, I see there being much close cooperation between OPEC, the IEA and the IEF.

Turning to one of the important initiatives of the IEF, the Joint Oil Data Initiative, or as many people better know it, JODI. There have been many positive noises regarding JODI, but at the same time there have also been calls to improve and expand the initiative? In what areas do you feel improvements can be made?

I think the good news is that JODI has improved tremendously. The consistency, timeliness, completeness of submissions has really improved significantly over the past two years. However, while it cannot be called bad news, the disappointing news is that the improvements have stagnated a little of late. We need to understand

together, and here I mean all the JODI partner organizations, just why this is the case and what can be done to get back onto the path of improvement. We need to continually advance JODI in this regard.

At the same time, we also need to look at the expansion of JODI. Currently, we have a trial underway for expansion to natural gas. This is because the natural gas market is becoming increasingly globalized, particularly for LNG, where previously we saw more regional markets.

We need to move the transparency of the gas market forward as it becomes more globalized. It will take some time, and we should not be expecting any quick results, but as the Chinese say, a long journey starts with a first step. And we need to take these first steps now, in order for there to be further down the road, more transparency in the natural gas market.

The other area of expansion is to annual data on capacity expansion, for both oil and gas, in order to better understand how much investment is taking place at the global level. We would be much better placed if we had greater transparency in this area, to assess how the supply-demand balance looks — working with organizations like OPEC and the IEA. This should also help the market better understand these issues.

Looking at the bigger picture in mind, how do you see the energy market developing in the years ahead?

I think the challenges and the uncertainties facing the energy sector are unprecedented in terms of scale and magnitude. For example, we need tremendous investment in the coming decades to counter decline rates in oil and gas. This is as we look to meet future energy demand, particularly in developing countries, because of population growth and rising living standards. Yet the investment climate seems to be more uncertain than ever. Where is the world economy going? What kind of recovery will we see? Will it be slow or fast? This all creates tremendous uncertainty. I have already talked about the volatility in prices — this is an enemy of investment. The more volatility, the more cautious investors are.

On top of this there is the tremendous challenge of climate change. The energy sector is expected to contribute significantly to combating climate change. Here, I am talking about the need for cleaner fossil fuel production

and consumption. These are major transitions, often with huge uncertainties, and again they will require significant investment.

From the perspective of the IEF, and the producer-consumer dialogue, we need to ask ourselves just what can we do to help reduce these uncertainties? What recommendations can we put forward? This brings me back to the issue of transparency, on such data issues as supply and demand and investments.

I should also add that this also includes policies. It is not just about market transparency, it is about policy transparency. How can we improve the transparency of energy and environmental policies that countries are embarking on? It is clear we need to know better where these policies are heading. And what the impact will be on future oil and gas demand, in order to improve, or at least reduce, the uncertainties for producing countries.

I will give you an example. Two years ago in Rome, we had a call from ministers to look at the potential and limitations of biofuels. What we did was ask the previous Executive Director of the IEA, Claude Mandil, and a former Acting for the Secretary General at OPEC, Dr Adnan Shihab-Eldin, to make an assessment of biofuels, based on everything that is out there in the world. In fact, the report is an input to this IEF ministerial meeting. The report highlights that first generation biofuels are not going to be very sustainable in the long-term. They are increasingly being seen as unsustainable. We need to review existing policies. At the same time, they also warned that second generation biofuels, which many people are talking about, show promise, but they are still a significant time away in terms of being large scale.

One final question, looking at the road to the next IEF ministerial meeting in Kuwait in 2012, what do you hope the IEF will have further achieved by then?

I hope by then we have made significant progress putting into place what ministers will hopefully agree in Cancun, in terms of strengthening both the producer-consumer dialogue and the IEF Secretariat. And that this will lead to an even more focused and more productive ministerial dialogue in Kuwait. Although I should stress again that the dialogue is much broader and richer than just the ministerial meeting.

Of course, the meetings are extremely important, but we also have events on key topics at a lower level that incorporate both producing and consuming countries. They look at some of the major issues, analyze them and come up with recommendations. This may not be something that hits the headlines, but for the results of the dialogue, I think it is extremely important.

The interview was conducted by James Griffin, Editor and Speechwriter in PRID, at the 12th IEF Ministerial Meeting.

Noé van Hulst (r) with James Griffin, Editor and Speechwriter in PRID.

JODI: building on the good work

In the lead-up to the 12th International Energy Forum (IEF) Ministerial Meeting, the Heads of the Joint Oil Data Initiative (JODI) organizations met in Cancun to review the Initiative. The OPEC Bulletin reports on discussions that focused on both the past and the future; developments made since the 11th IEF Meeting in Rome in 2008 and how JODI can be taken forward.

It is hard to believe that JODI was only established as a permanent mechanism in 2003. Its achievements in a relatively short period of time are considerable. For anyone coming new to the industry it might be presumed that JODI, given the considerable amount of data it receives and then disseminates, has been in existence for much longer than it has.

The broad collection of international organizations behind the initiative — the Asia-Pacific Economic Cooperation (APEC), Eurostat, the International Energy Agency (IEA), the IEF Secretariat, the Latin American Energy Organization (OLADE), OPEC and the United Nations Statistics Division (UNSD) — underscores its scope. The term 'world' is not something used frivolously, but here is a meeting of 'world' bodies focused on advancing the transparency and flows of global oil market data.

JODI has also had the knock-on impact of improving statistical systems in many countries and advancing contacts between oil companies, countries and organizations. These elements have led to a worldwide network of statisticians and to a better understanding of others' problems. And at the producer-consumer level, it has demonstrated that dialogue is not only a concept, it can also lead to concrete actions.

Today, it is seeing recognition and strong support from world leaders, as Said Nachet, Energy Director of the IEF, stressed at the press conference following the meeting of JODI organizations. "It was quoted by the G20 leaders in Pittsburgh last year; it was part of the IEF Ministerial in 2008; and it has been cited in many regional meetings. There is a long list of references," he said.

The G20 Heads of State in Pittsburgh last September

applauded the Initiative's efforts to "increase energy market transparency and market stability by publishing complete, accurate, and timely data on oil production, consumption, refining and stock levels, as appropriate, on a regular basis."

The landscape today

JODI's greater global traction is perhaps in part due to the changing global economic and energy market situation. There have been some dramatic shifts since the last IEF ministerial meeting two years ago. Triggered by a financial crisis that began in 2008, the world experienced the deepest and most synchronized economic downturn since the Great Depression. The crisis and the downturn had a profound impact on energy markets — and the oil and gas industries in particular.

Fuad Al-Zayer, Head of the Data Services Department at the OPEC Secretariat, underscored this, stating that events over the last two years have shown the need for more accurate and timely information to be made available. "The more information available for decision makers, the easier it is for them to make the right decisions ... the world is hungrier for more reliable, timely and complete information."

In a press release issued after the press conference, it was stated that the dramatic, rapid price changes and particularly the intraday volatility that characterized both the ascent and decline of the oil price, highlight the need for better oil market information. It added that JODI "as a unique global source of statistics on oil production, trade, consumption and storage, can help mitigate volatility by providing transparency to the market."

Advancements

In response to a question about the reach of JODI, Nachet said: "More and more people are interested in JODI ... and more and more people are using it." He added that there was "of course room for improvement," but the Initiative today is providing a much bigger global picture, it is accessible to all and most of the feedback shows that users are happy with what is available.

Supporting these comments is the comparison of data submissions since the 11th IEF. These show substantial improvements in completeness, timeliness and consistency of JODI data submissions.

The press release underlined that the "improvement in the timeliness of submissions is a great success story of the Initiative, with an average of over 70 countries submitting the most up-to-date data, up from 60 in 2008 and almost none at the launch of the Initiative."

L–r: Nobuo Tanaka, Executive Director, International Energy Agency; Noé van Hulst, Secretary General, International Energy Forum; Abdalla Salem El-Badri, Secretary General, OPEC.

It also added that "through the soundness of its data and the promotion of its added value, JODI has attracted a broader set of users; a recent survey found that more than half of JODI users are market analysts, compared with less than a quarter two years prior."

In further explaining the major benefits, Jean-Yves Garnier, Head of the Energy Statistics Division at the IEA, said that what JODI brings is coverage of over 100 countries and this includes a lot of countries for which data is not available by any other means. "So the value of JODI data is in these countries ... which if you put them altogether represent a significant share of the market," he added. Think of countries like China, India and Brazil and it is easy to appreciate the added value JODI brings.

Both Nachet and Garnier were also keen to emphasize the role JODI has played in helping standardize and harmonize data across the seven participating organizations. Today, JODI manuals can be found in a number of languages, which helps users compare and contrast the data submitted from the organizations.

Evolutionary initiative

It is evident that the Initiative is already delivering on its promise to provide greater market transparency, but any development on this scale is evolutionary, with continual improvements and updates part and parcel of the process. The importance of maintaining focus was underscored in the most recent assessment of data, covering July to December 2009, which recorded a decline in submission and timeliness for the first time in the last two years. The press release stated that "this decline should serve as an impetus for countries to improve their data reporting."

All JODI partner organizations recognize there is room for improvement and their central role in the Initiative, but data collection obviously begins with member states. In this regard, the Heads of JODI organizations called on participating countries to further improve the completeness and quality of the data they submit to JODI and urged greater clarity on oil stocks and demand data.

The press release added that "JODI data can only be as good as the support it is offered by national administrations. Statisticians of participating countries must be given the resources necessary to achieve timely and complete data submissions." And as the Initiative continues to expand and collects more data points, achieving completeness and quality will be ever more challenging.

Expansion to other areas

The expansion of JODI is certainly on the horizon and the heads of JODI organizations discussed various options to increase resources and strengthen capacity-building.

In response to a call from IEF ministers to extend JODI to other data, as well as other sources of energy, JODI partners, in cooperation with other relevant organizations, have assessed the capacity to submit monthly natural gas data among their members. There was general agreement at the press conference that early results in this development are promising.

There were, however, questions as to how much of an extra burden this might play on the IEF and JODI. Nachet stressed that a part of the Cancun Ministerial Declaration was focused on strengthening the structures of the IEF. This become apparent with the issuance of the Declaration, which stresses that "the institutional structure of the IEF needs to be strengthened to reinforce the commitment of producer and consumer countries to the dialogue and to ensure predictable and sustainable funding of the IEF Secretariat at an adequate level that is commensurate with the expanded role and additional tasks of the IEF."

Said Nachet, Energy Director, IEF.

Al-Zayer also noted that in relation to gas data, some of the JODI partners "were not starting from scratch as some of the organizations already collect this." Of course, many major oil producers are also major gas producers, and many major oil consumers are major gas consumers.

The seven organizations have also discussed the possibility of expanding JODI to include data on capacity in the upstream and downstream sectors.

Looking ahead

The cooperation inherent in JODI is a demonstration that global challenges can be met head on. It is international ambition translated into deed. And the heads of JODI organizations were certainly keen to underline the positives in the JODI data collection and dissemination process. There is certainly much to be proud of. Yet, as with any Initiative on this scale and potential, there is always room for improvement.

There was much talk about further advancing the

Fuad Al-Zayer, Head, Data Services Department, OPEC.

timeliness, accuracy and completeness of the data and that each much receive equal weight. There was also discussion of expanding to other areas. But perhaps just as important is continually improving the links from top-to-bottom. The press release underlined: "Statisticians of participating countries must be given the resources necessary to achieve timely and complete data submissions. It is incumbent upon ministers to provide these resources within supportive regulatory frameworks that favour transparency and facilitate industry participation in JODI." It further underscores the significance of cooperation. This will be essential if JODI is to build on the good work it has already done.

Assembled delegates who attended the JODI meeting in Cancun.

Ministers, officials stress need for wider energy cooperation

The following interviews were conducted by the OPEC Secretariat's Webcast team on the sidelines of the 12th Ministerial Meeting of the International Energy Forum (IEF), in Cancun, Mexico, on March 29–31.

Sheikh Ahmad Abdullah Al-Jaber Al-Ahmad Al-Sabah

Minister of Oil, Kuwait

Asked about the extent of the producer-consumer dialogue, Sheikh Ahmad Abdullah Al-Jaber Al-Ahmad Al-Sabah, whose country will host the next meeting of the IEF in two years' time, pointed out that "without this kind of forum" the two minds would not meet.

He said that bringing the producers and consumers under one roof enabled them to have frank discussions, on the one hand, involving the ministers representing the two sides and, on the other, between the producing countries' national oil companies and the international oil firms.

Sheikh Ahmad Abdullah Al-Jaber Al-Ahmad Al-Sabah

"Definitely we cannot solve all the issues associated with the oil market overnight and certainly not in one or two meetings. This gathering is number 12 and number 13 is coming in Kuwait. It is not expected that every issue will be solved in the next two years, but we do expect to see further improvement," he said.

The Minister noted that the key topics up for discussion at the next talks would be identified soon.

"This is a very big forum and we have to allow enough time to prepare for the next round. I personally hope that the topics we want to cover will be delivered to us in Kuwait within the next six months. When I return to my country after this meeting I will already be forming certain committees to prepare for the next IEF," he disclosed.

Questioned about the issue of oil price volatility, Al-Sabah said that, at the moment, there was a stable oil price.

"Stability will benefit both sides — the producers and the consumers — while volatility will hurt us."

He continued: "As we all now, crude prices reached $147/barrel in the summer 2008 and then, within six months, they were down to just over $33/b. That situation hurt us a lot, not only because of the low oil price, but because of investment in the future. And Kuwait has large investments abroad."

Al-Sabah stressed that oil stability was crucial to both the producers and the consumers.

"As we have heard over the past two days, a lot of investment is required to meet expected world oil demand in the future. By 2030, demand for energy will increase by 35 per cent and this will need a lot of investment — in fact, trillions of dollars. And without an acceptable level of price, no one will invest," he affirmed.

In this regard, he said, "we need assurances and we need stability, not only price stability, but political stability. Once we have political stability, this will reflect on the stability of the world economy and this will encourage more investment, whether by the producers or the consumers, and in all types of energy, not just oil, but also renewables."

Asked about the Cancun Declaration and whether it signaled the start of a lot of serious hard work, Al-Sabah said the IEF belonged to both the producers and the consumers, and that was why a lot of pressure and effort was being exerted to "bring the Forum to light".

He stated: "We expected 60 countries to attend this latest meeting, but in fact, we had 65 countries represented here. Hopefully, we will see this number rise to 100 countries in the near future.

"Definitively, this type of collaboration and agreement on an IEF Charter for the future will lead the way to more stability, not only in oil prices, but in all ways of life," he maintained.

Al-Sabah said that in the current global climate no agency or organization could work alone. They had to share their information. They did not have to be overlapping and each one should be specialized in certain areas. But one should be able to complement the other.

"This will lead to a very fruitful and bright future, because this is a very important aspect for any improvement. That is why I am really optimistic about the future.

"We have now had the Joint Oil Data Initiative (JODI) for ten years and I am sure that over the next decade, we will see an even greater improvement in the level and quality of its data," he concluded.

Seyed Mohammad Ali Khatibi Tabatabai

Governor for OPEC, Iran

Concerning the three main groups attending the Forum — OPEC, the IEA and the IEF — and how important it was to have unity among them, Seyed Mohammad Ali Khatibi Tabatabai, said that each party, whether producer or consumer, had its own interests, but whichever side one was on, there was a need for a platform to be established so that they could work together. The IEF meetings provided that platform.

"In this way, everybody can work within the Forum and understand each other. It provides good common ground for the parties to talk to each other and to become familiar with one another's interests."

The Minister said the IEF was also a good platform for going forward, to materialize security of supply and demand, which were important to the two sides.

"The purpose of the IEF meetings is to closely work together, to ensure that the producers, on the one hand,

Seyed Mohammad Ali Khatibi Tabatabai

and the consumers, on the other, can work together. We are all in the same boat and we are all working for the same targets," he maintained.

Asked about the importance of JODI, Tabatabai pointed out that data was the basis of any research or study. If one had complete data, it could be used for any research and any plan.

"That is why if we improve the data at JODI, the system can provide us with a good service. It is our data bank and we can benefit from it," he affirmed.

Regarding the Cancun Declaration, he said he thought that with its signing, the IEF was moving to another stage of the producer-consumer dialogue process.

"We will have a better programme and we are going to create a charter that will cover issues we did not address previously. We are in a new era and for that era we need a new charter. This new charter will offer us a better position in which to cooperate," he said.

Dr Falah J Alamri

Governor for OPEC, Iraq

Asked about the importance of having the IEF dialogue, Dr Falah J Alamri stated that, firstly, from his own country's perspective, participation in the Forum was very important. It was equally important to have a dialogue between the producers and the consumers.

"This conference shows us that we can bring together the ideas of both the producers and the consumers to help reduce the volatility of oil prices and to enhance the environment for investments, as well as improving the transparency."

Dr Falah J Alamri

He said that with the Cancun Declaration and the statements that had been made during the meeting, "I think the international oil industry is on the right track."

Regarding JODI, Alamri said that since the initiative started, Iraq's participation had been at a very high level. It had been active in all the meetings held and if one looked at the initiative's tables, "you will see three smiling faces by Iraq, which means that our data has been good and submitted in a timely manner."

Asked about Iraq's contribution to meeting energy demand in the future, he said that if the country provided the oil it planned to produce, such a capacity level would not only help the oil industry and the consumers, but also the situation with future spare capacity.

Abdalla Salem El-Badri

Secretary General, OPEC

Asked for his impressions about the effectiveness of the IEF, Abdalla Salem El-Badri said the Forum was important because of the communications it generated between the producers and the consumers.

"We are continually trying to improve these. After the problems we have had in the last two years, this meeting is very important for establishing a new dialogue. And even though it is informal, we strive to have some guidelines. Everybody should really contribute and try to prevent any further volatility in oil prices in the future," he said.

Elaborating, El-Badri pointed out that OPEC had established dialogue with the IEA and the EU and had formed a relationship with the IEF, but the situation was very difficult because "we have to have a sincere dialogue under which we can discuss the problems we are facing at this time."

He continued: "The world has changed. For example, the financial markets are playing an important role in the oil price. So is speculation. But through this dialogue, I think we can have a reasonable price where the producers and consumers can live together."

Questioned about the importance of JODI and the provision of accurate data, El-Badri said the initiative was very relevant. Some members of JODI were providing good data, while others were having some problems.

"So, we decided in our meeting that we should help those that are struggling to provide the data. Data trans-


Abdalla Salem El-Badri

parency is very important for the oil market and we strive to have accurate data," he said.

Asked if he was encouraged about the partnerships between national oil companies and international oil companies, El-Badri said OPEC Member Countries knew exactly what they wanted from their oil industries.

"I feel that the IOCs should participate with our NOCs because the old days are gone and now we have new management and we can work together on an equal basis. So I do feel the NOCs and IOCs should cooperate more together."

Regarding investment levels in the oil industry, El-Badri noted that from 2009 to 2013 OPEC Member Countries had committed themselves to around 150 projects that would cost $165 billion.

"However, because of the price problems we experienced from 2008, some of the projects — they numbered 35 worth $45bn — were either delayed or cancelled. However, since prices have gone up, we think we can really invest again and these 35 projects are being reactivated. They will be onstream between now and 2014," he said.

Turning to the Cancun Declaration, El-Badri said this would effectively set the future for the dialogue.

"It will continue to be informal, but every country will be implementing what should be implemented from their respective side, whether producer or consumer," he stated.

Asked about OPEC's 50th Anniversary year, El-Badri said he was very proud to be Secretary General of the Organization, but stressing that credit for its success "must go to my staff".

Dr Hasan M Qabazard

Director, Research Division, OPEC

Asked about the significance of the Cancun Declaration, Dr Hasan M Qabazard said he thought it was very important since it addressed some of the critical issues in the energy markets in general, and the oil market, in particular. It also served to strengthen the producer-consumer dialogue. "It is a first step, which strengthens the IEF Secretariat, giving it more teeth to be able to contribute more to the producer-consumer dialogue.

"We should also try to rectify the problem of volatility in the oil market by having more cooperation between the different organizations that work with oil."

He stressed that energy issues, and particularly the oil markets, were very important for all countries around the world.

"It is important to look at the issues related to the industry. We should try and come up with a consensus on such issues as supply and demand and future investments," he stated.

Qabazard said one very important outcome of the well-attended Forum in Cancun was the attention given to energy poverty.


Dr Hasan M Qabazard

"I think this is an issue that will gather more momentum in the future. Hopefully, people will pay more attention to the 1.5 billion people around the world that lack access to modern energy services."

He pointed out that the issue was highlighted specifically at the meeting by the OPEC Fund for International Development (OFID), which showed OPEC Member Countries' contributions to helping the situation.

Continued Qabazard: "The Cancun Declaration outlines a concrete programme of cooperation and work for the three organizations involved to address issues of importance to the oil market, including comparing outlooks for the future, looking at the linkage between the financial and oil markets and trying to reach a consensus on the different factors that bring about price volatility and affect oil market stability."

Regarding JODI, he said the Forum had given a boost to the momentum of the initiative with some organizations involved expressing their readiness to help other organizations to submit timely important data, so as to increase transparency in the oil markets.

"We hope JODI will be strengthened further in the coming few years. I think we will see more submissions, I think they will be more timely and I think we will see more organizations participating in the initiative. We will also see the existing organizations strengthening their contributions," he said.

In conclusion, Qabazard said: "This Forum was well attended and everyone participated with good initiatives and good contributions. We are hopeful this will all strengthen the dialogue and add more transparency to the market. We also hope it will motivate people to come up with better and more in-depth analyses of the markets for the benefit of everyone involved."

Nobuo Tanaka

Executive Director, International Energy Agency

Asked for his impressions as to how the producer-consumer dialogue had matured over the years, Nobuo Tanaka said the IEF was now drawing up a joint action plan to enable closer cooperation and to enhance ties between the two sides.

"For example, in an area like price volatility, the outlook for energy, or JODI, the concerns of the Ministers are clear and we know what we must do. So the three organizations — OPEC, the IEA and the IEF — have decided on this joint action plan in a bid to contribute more to global energy stability, better transparency and improved management of the oil industry," he said.

Nobuo Tanaka

Tanaka said the energy agenda was becoming ever more important and even the climate change discussions gave energy a more important role to play for the sake of sustainability.

"We have learned from the process that energy security is a major concern for all countries. The price of oil may not be as high as $147/b now, but that does not really remove our concerns because we know that the supply and demand situation in the future will most probably get tighter and tighter, especially when economic growth comes back.

"We have to prepare for that. The consuming countries should conserve more energy, while the producers should invest to make sure there is sufficient capacity."

Tanaka said that even with the current level of oil prices "we should not be complacent about energy security."

He continued: "That was the case in 2008 and even though the situation has changed, we have to invest in more capacity for the future. We have to conserve energy. We also have to have much more transparency.

"So, we are stressing the importance of energy security and these policy issues which will be covered in our joint action plan. They have been accepted by the ministers and this will reinforce the understanding of our role for the future.

"By doing these things, we can really contribute to the global balance. In this regard, the three organizations have to play a very important role in the future."

Tanaka noted that many changes had already taken place in the energy industry, which had experienced a very volatile market and very high prices.

"This volatility comes because of uncertainties in the macro-economic situation, because of geopolitics, and the structural changes — we have already seen a historic transition to a low-carbon society.

"And all this makes a huge difference in how we invest in the future and how we consume energy," he professed.

Tanaka stressed that without good information about the structural changes that had taken place in the market, "we certainly cannot reduce the volatility. For OPEC, the IEA and the IEF — they can definitively contribute to creating a better understanding and to make the market function better."

Asked about the importance of JODI, he said it was contributing towards increasing the understanding of the market. It was now being improved and expanded.

"We still need more information, especially on the emerging economies, including countries like India, where we need good stocks data. We also have to have more data on capacity expansion plans and investment issues. In addition, we are moving into the gas sector. This is a very important expansion of JODI — to understand the gas market better."

Tanaka maintained that good data formed the basis and foundation of the global energy sector.

"So, we are very much looking forward — the six organizations that are involved in JODI — to having closer cooperation in the future."

Concerning OPEC's 50th Anniversary, Tanaka said one had to congratulate the Organization for the special occasion.

"We want to see OPEC cooperate more in the area of data exchange and understanding price volatility.

"The important thing is that OPEC is taking the global economy very seriously and is making sure that the economic recovery is robust. Its Members need to use their production capacity for that," he said.

Tanaka said that if the global economy suddenly became strong, he felt OPEC should be flexible and adjust its production.

"That is what we want to see happening. We feel that this policy adjustment is in the best interests of OPEC, the consumers, in fact for everybody, because we are all in the same boat and we need to work closely together for everyone's interests," he added.

Gerry Brownlee

Minister of Energy and Resources, New Zealand

Questioned about the importance of the meeting, Gerry Brownlee said it was a very significant gathering of both business interests and, of course, ministers from many countries.

"You get to talk to a lot of people and one of the interesting things, I feel, is that one can deduce the difference between what is known by the industry, and the way people see it going, and what is generally out there, pushed by the commentators," he said.

"In recent years we have seen a lot of energy policy probably somewhat held up by uncertainty over climate change. But it is interesting to see the extent of the frankness expressed here about the long-term energy needs of all countries."

Asked about future investments, Brownlee said: "In the end, we are all reliant on the investments that are made by the producers and the more investments they make, the more energy will become available, and the better that will be for the consumers."

Gerry Brownlee

Regarding future challenges in the industry, he said that in New Zealand they had a very active exploration programme underway, all of which was being conducted through the private sector.

"We are very keen that there is more prospecting done in our territorial waters, which is one of the largest exploration areas in the world. We have a lot of prospective basins.

"We will be delighted if we see this year's drilling programme bring some more discoveries, or establish extensions to existing discoveries, which does very much look like the case at the moment."

Brownlee pointed out that New Zealand operated reliable tax and royalty regimes, which were not excessive. "We feel we have one of the best royalty regimes in the world," he added.

Maria van der Hoeven

Minister of Energy Affairs, Netherlands

Asked about the Cancun Declaration, Maria van der Hoeven said it was just the first step of a process that would lead to a new charter.

"This charter will be the framework for the IEF for decades to come. That is what we are working on now. It is a case of going from paper to reality," she said.

Maria van der Hoeven

Regarding the effectiveness of the IEF, Ms der Hoeven said the added value of the Forum was the uniqueness of the producer-consumer dialogue, something that was not conducted anywhere else in the world.

"The other thing that is really IEF is JODI. But there is something else — the IEF is not just a Secretariat, it is not an abstract idea — the IEF is what we are, we are the ones that are really giving a face to the IEF. And we should see to it that whatever we are going to do in the future, we stick to our own core businesses — the IEA has its own core business, so does OPEC, and so does the IEF."

Concerning the problems in the world economy over the last two years, she said it was very important that whenever something happened, like a recession, or if oil prices shot up to a very high level, then there needed to be an answer.

"This could be more investment, more transparency, or it could mean that you we going to talk about and do more with renewables. These things have been done over the last two years, and the IEF has been very instrumental in that," she said.

Asked what the IEF could do with regards to energy poverty, Ms der Hoeven said everyone had to be concerned about energy poverty. It was one of the important issues of the future.

"At this moment up to two billion people are deprived of energy, so something has to be done. If we do not solve the problem, we are not going to solve other problems either. We need energy everywhere. We need it to be sustainable and we need it to be sustainably produced.

"It is very important that all countries together see to it that the nations that are in a deprived situation are helped, so that they have the opportunity to get out of poverty. And here, we should start with energy — getting supplies to every household anywhere in the world."

Ms der Hoeven maintained that the most important thing the IEF could do in this respect was to continue bringing people together to analyze the data that was being put together and to see to it that new reports with new propositions were put on the table.

"There is no other forum where energy producing and consuming countries are coming together in this sort of dialogue and where they get together with the NOCs and IOCs," she said.

Asked about OPEC's 50th birthday, Ms der Hoeven commented that the Organization was entering a new era of cooperation whereby OPEC Member Countries could meet up with the IEA and the IEF to work together.

"This is important because if you do not work together, if you only look at the situation of your own countries, then we will be facing a global crisis. Energy is a global problem and there has to be global solutions. Nobody can say it is not my business, and nobody can stay behind," she concluded.

Lord Hunt

The then Minister of State, Department of Energy and Climate Change, United Kingdom

Questioned over the significance of the producer-consumer dialogue, Lord Hunt said the Forum was a very significant meeting.

"I am delighted that we have agreement (on the Declaration) with over 60 countries signing up to it. These nations represent over 90 per cent of all production and energy use in the world, so it is very important indeed.

Lord Hunt

"We have had a big problem with the volatility in oil prices over the last two years and that is an unstable situation. This has a real risk in terms of the economic prosperity of all nations in the world," he added

Lord Hunt pointed out that the IEF's purpose was aimed at getting a much greater dialogue between the producers and the consumers of energy, much more robust data and to understand better what was happening in the markets.

"Through this, we believe we can get much more stability, there will not be so much volatility in oil prices in the future and crucially we will see long-term investment in energy, which is also very important."

He stated that the UK had been a strong supporter of the work of the IEF and would continue to be so in the future.

"When there are problems in any part of the world, on any issue, what you need to resolve these problems is to get a dialogue going between the different parties involved. That is what the IEF is all about. It is about developing a strong dialogue between the producers and the consumers.

"And that dialogue should be on the basis of the best possible data and evidence and that is really what we have agreed to here," he noted.

Lord Hunt said there was no doubt that JODI now had better quality data, "but we need to see it improve further in the future and I believe we will do so. We also need to have data about investment decisions because we need to know what is happening in investment. In the end, we want to make sure that enough investment is taking place and that is the best way to have equilibrium between supply and demand. That, in itself, will make sure that prices remain stabilized."

He said the role of both OPEC and the IEA had been fully recognized in the Cancun Declaration.

"We need organizations to work together. We need them to feed their information into this process. That is the way you will get robust information, transparency and a very strong dialogue.

"And through that a greater understanding will be reached. That, in turn, will provide the kind of stability we need for long-term investment, for making sure that it encourages economic growth, and that it does not act as a dampener. Oil price volatility can do that.

"It is also important that the process provides stability for the relationship between producers and consumers," he said.

Asked how mature he thought OPEC had become over the years, Lord Hunt said it had certainly shown itself to be an important and influential Organization.

"I am sure many challenges lie ahead. But I am equally sure that OPEC will respond to these challenges," he affirmed.

"What I am so pleased about is that here, you have OPEC, you have the IEA, and you have the new declaration which has been agreed to by over 60 countries — this is a very strong foundation for us to try and resolve many of the issues in relation to the energy sector, dealing with oil price volatility and long-term stability.

"I am very confident that as a result of this all the organizations involved will play a positive and constructive role in the future," he concluded.

Waldemar Pawlak

Deputy Prime Minister, Minister of Economy, Poland

Regarding the importance of energy security, Waldemar Pawlak said the long-term perspective for cooperation was very important, especially in the energy market because when one looked at the investments required time was needed to allow that process to happen.

He said that as far as Poland was concerned, gas supplies were very important. Last year, the Polish national oil and gas company discussed a new contract for supply with Gazprom of Russia to extend supplies by another 15 years.

"This is an example of how important it is to take a long-term perspective when talking about energy contracts, including setting a formula for oil and gas prices," he said.

Asked how important he thought the energy dialogue was, Pawlak said it was very important for all parties, especially the producers and consumers, to discuss their basic interests.

"I think I heard a very interesting suggestion that there should be stronger cooperation between the IEF and the G20 group of countries to develop new, clear and transparent approaches to the energy markets to help promote stable markets and prices," he said.


Waldemar Pawlak Eithne Treanor

Questioned on the major challenges in the oil sector, Pawlak said that especially today there was a need for the NOCs and the IOCs to cooperate.

"Sometimes they have different approaches and a different way of thinking on the energy markets, but it is very important to create an open and clear dialogue between the two sides on matters of importance, to better understand the different positions," he stated.

"This will help in building a transparent and lasting relationship between the producers and the consumers," he added.

Robin Martin Kåss

State Secretary, Ministry of Petroleum and Energy, Norway

Asked how important it was for Norway to be part of the Forum's meeting, Robin Martin Kåss said it was very important since his country saw so many challenges ahead with regard to energy and climate issues.

"Having a dialogue between the energy companies, the producers and the consumers is very important for finding the solutions," he maintained.

Kåss said the IEF had matured in a good way over the years and definitely the topics and agenda were getting more and more relevant.

"It is not long before we have the new climate meeting here in Mexico and I think having these discussions here today will offer some ways forward for us," he said.


Robin Martin Kåss

Asked about the relevance of JODI, he replied that having more transparency in the market was very important.

"Energy is a vital commodity and we have seen very volatile markets, so having transparency and the information to hand makes it more predictable for both the producers and the consumers."

Kåss said he felt the industry needed more partnerships, more working together, so that the planet's energy resources could be utilized in a sustainable way.

"Increasing oil and gas recovery rates is very important, but finding ways to use the mature fields in an efficient way is also important."

Kåss said the main reason for having the IEF was to have a dialogue that could discuss various issues.

"We do not expect any ground-breaking new policy document, but I think having the dialogue and the declaration shows that we are willing to discuss the topics and to share information. This has a value in itself," he concluded.

Hamilton Moss de Souza

Director, Department of Energy Development, Ministry of Mines and Energy, Brazil

Concerning the importance of the IEF gathering, Hamilton Moss de Souza said it was an extremely important initiative because energy was vital for all of mankind.

"It is very important to be able to put all the parties together in such a Forum — the producers and the consumers and the other new interests that come with other forms of energy and fuels.

"We have to congratulate Mexico for this event — the


Hamilton Moss de Souza

organization of it has been very successful.

"There is nothing better than to put people together to improve their relationship and this Forum is improving with each passing meeting. It now has the ability to enhance more talk, to bring new ideas and to prepare for the future."

De Souza said he thought it was important that the future should cater for all the energies available — oil, gas and renewables.

"We need to have a good partnership and understanding between all these interests. When something new comes on to the scene, such as biofuels, we have to discuss it a bit more deeply. So this Forum is also good for that," he affirmed.

"We are not just talking about business here. Business is important and energy is important, but energy is for life — it is for the people, it is for mankind. This is a historical moment, what is happening here at the IEF."

Asked about the challenges that lay ahead, de Souza said the biggest challenge was to combine energy security with the environment.

"We have seen many improvements in the business environment, in the scientific aspects and even in the politics in the past, but we still have to go deeper with this kind of dialogue and we have all these people here to endorse that.

"If all these people were not concerned about sustainability and security of energy, they would not be here. Both energy security and the environment have to come together — they complement one another.

"We cannot have the environment without energy security and vice versa. I am not exaggerating when I say that I feel that this is one of the biggest challenges for mankind this century and I know many people agree with this feeling. I am very optimistic about the results."

Regarding Brazil's relationship with OPEC, de Souza said it was very important right now since his country was passing through a particular phase.

"For a long time now, we have been the champion of renewable energy. Brazil already has 46 per cent of its energy matrix based on renewables.

"However, in recent years, we have also found more conventional oil deposits and we are set to become a major producer. We now have the challenge of balancing the two sides of our energy resources — the traditional one, which will continue to be very important, with the new style of producing energy, via the renewables," he affirmed.

Rex W Tillerson

Chairman and CEO, ExxonMobil

Asked how relevant the IEF meeting was, Rex W Tillerson said the challenges facing the world around energy supply, especially security of energy supply, over the long term were enormous.

"Those challenges, both from a producing country standpoint and from the consuming countries — knowing they have access to reliable and affordable energy to continue to support their economic growth — are probably the most important challenges facing the world today," he maintained.

"So, having a gathering like this, where you have the leading producing countries and a lot of the leading consuming countries, as well as international oil companies, who are involved in the development of the resources, in a dialogue is important, regarding how we are going to deal with the challenges in the years ahead," he said.


Rex W Tillerson

Concerning the importance of the relationship between the consumers and the producers, Tillerson said all economies were consuming economies, so even if you were a producer that had export capacity, you were still sensitive to the price of energy and the overall supply of energy to the world.

"So, your economy is just as dependent on having that same kind of security around energy supply as the main consuming countries," he said.

"Again, the close involvement of the producing countries and the consuming countries, in helping them understand what the energy challenges are, what options are available and how they want to deal with them — that is why this dialogue is important."

Asked how he saw the IEF evolving, Tillerson said he hoped the Forum could provide a platform for the parties involved to continue to better understand "what each of our needs is, whether you are a producing country, a consuming country, or a private international oil company. We need to look at how we are going to continue to work together in the future, to deliver energy that the world needs at a price it can afford."

He continued: "We are all going to have to come to some form of common understanding as to how we work together, so that we can all achieve our objectives and in the end have win-win solutions for the producers, consumers and investors.

"That is one challenge. There are a lot of challenges out there and I think this dialogue should be looking at what we are all trying to achieve and how we can find the common ground to achieve it. That is what I hope the Forum will provide — a platform for those kind of discussions."

Regarding future investment in the industry, Tillerson said that even with the downturn in pricing, his company had invested at record levels of $25bn.

"Our expectations over the next five years will be to continue to invest at those kind of levels. The way we approach our investments is not around what the price is today, but rather what kind of investments make sense across a broad range of prices, because prices will go up and they will go down.

"We have to have investments that are resilient across a broad range of pricing. We are continuing to be very active in investing in resources, to be able to supply energy that the world needs for many years to come," he said.

Asked to comment on OPEC's 50th Anniversary, Tillerson said the Organization had played an important role in terms of coordinating supply and one could see that in the many investment decisions made by its Members.

"We partner with many of the OPEC Members and we invest in many of the OPEC Countries. The question again is how we can help you to look at your resource opportunities, to bring the newest technologies available, so that they can be developed in the most efficient way, so that OPEC will continue to play its role in the future of supplying energy," he concluded.

Ali Moshiri

President, Chevron Africa and Latin America

Questioned about the relationship between the NOCs and the IOCs, Ali Moshiri said the Forum, which was aimed at establishing a dialogue between the producers and the consumers, identified areas in which the companies could work together, to collaborate.

"But at the same time we talk about things outside the meeting. I have run into many friends in NOCs and IOCs and we have talked about common issues and how we are going to handle some of the challenges that we have."

Moshiri said that he thought that despite the perception out there, the relationship between the NOCs and the IOCs had been going through an evolution and was moving in the right direction.

"But we have to be patient and give enough time for them to mutually reach the same level of understanding about the relationship."

Ali Moshiri

Asked about the role the IEF could play in enhancing this relationship, he said the Forum was the facilitator that was bringing the two sides together, where they could sit down and talk about different topics.

"What I love about the agenda of this meeting is that we did not try to address every single issue — we just focus on one or two aspects that everyone believes are significant in today's environment.

"And I think it is very important that we always have a facilitator that can bring this focus on the key issues," he maintained.

Regarding the significance of the improved relationship between OPEC, the IEA and the IEF, Moshiri said that one could see in the size of the meeting how important it had become.

"There were representatives from the producers, both small and large, and also the consumers, again small and large. And as for the dialogue, the consumers can get a better understanding about what the issues are regarding the supply, while the suppliers can get a better understanding of the needs of the consumers.

"At the same time, they are both working on the common objectives — the energy equation. Everybody is working on how to put the energy equation together to bring about a more efficient and effective situation for everybody — for the supplier and the consumer."

Asked how important he thought JODI was, Moshiri said the initiative was very important.

"I think that having good and comprehensive information is the basis for making better decisions. There is no doubt about that.

"But the biggest challenge for some of the IOCs is how they go about releasing information because we have to recognize that, as operators that possess the data, releasing it needed a consensus from other oil companies to also release information.

"I think this has slowed down the process. We all have to make the effort to give out information that we can provide as soon as possible. But we also have to understand the constraints — that we have to make sure that we are within the law of the particular country we are operating in and also within the policy of the company," he explained.

Asked about the relevance of OPEC today, Moshiri replied that OPEC was an organization that brought recognition to the oil industry and it had a tremendous impact on supply, therefore, it received a lot of attention.

"When you look at OPEC, and the 50 years of challenges it has had, with many ups and downs, it has managed to stay on course and remain together. I think that is admirable. We wish OPEC success for another 50 years," he said.

Jakob Thomasen

President and CEO, Maersk Oil, Denmark

Asked for his impressions on the importance of the Forum, Jakob Thomasen said it provided a unique opportunity for ministers, NOC representatives, and the IOCs to meet and discuss the future of the oil business, including such issues as security of supply and price volatility.

Maersk Oil, he said, was a relatively small player, "but we believe we have a unique value proposition in the areas of our work. We have a nimble organization. We are focused technologically, so the way we work is to find partnerships and we look for maximum alignment between our capabilities and the capabilities of the host government, or the partnering oil company. We have complimentary skills that drive the risk out of investments."

Concerning future investments in the industry, Thomasen said that, in general, moving forward, "we need to continue to invest for many years to come. There is a general consensus that oil demand will outstrip supply in not so many years from now, so the investments are needed on a continuous basis.

"What we have to do is to work together on securing the investments without taking too much risk and doing that in an environmentally sustainable manner and in a way where we bring the oil to the market in a safe way."

Thomasen said the key word to him was alignment — making a contractual framework between the host government and the IOCs that brought alignment.

"Then you will reach the maximum efficiency of capital deployment and the quickest way forward. That, to me, has to be the code for every contractual framework — alignment between the hosts and the contractor."

Questioned about JODI, Thomasen said that from his perspective it was all about securing transparency.

"We will deliver transparency to whoever we work with and we also expect to receive transparency. And with that transparency comes data availability, so we get the maximum benefit from the data that is available.

"Then, of course, we have to generate the data that we do not have, but need in order to move forward," he added.

Jakob Thomasen

From Rome to Cancun ...

IEF discussions fanned by the feel-good factor

From the age-old splendour of the 'Eternal City' Rome to the sun-drenched sands and street markets of Mexico's Cancun, the growing number of energy ministers and government officials that today attend the International Energy Forum (IEF) producer-consumer meetings could not want for a better backdrop to their biennial discussions.

Steeped in tradition, the historic delights of the Italian capital, which provided the historic setting for the 11th edition

of the IEF in April 2008, gave way to the Mayan allure of the Caribbean resort for the 12th ministerial meeting in the series, and in so doing continued the informal approach that has become a familiar feature of the talks.

While inevitable political posturing and differences of opinion abound, the sincere hand shakes, the frequent pats on the back and the general relaxed atmosphere that now epitomize IEF meetings instil a sense of purpose, togetherness and responsibility few could have imagined just a few years ago.

Able to unwind

But despite the obvious benefits gleaned from the Forum's laid-back 'no tie' approach, a great deal of the feel-good factor generated at the discussions undoubtedly comes from the surroundings participants find themselves in. Being able to unwind, chat informally and sample the local delights in a holiday-type mood are an important part of this initiative.

And, in this regard, Cancun did not disappoint — it was another perfect location for the IEF road show.

Located on the east coast of Mexico's Yucatán peninsula, the resort boasts splendid white sandy beaches, a warm and tropical climate, many impressive archeological sites, including Mayan pyramids, as well as excellent infrastructure.

Interestingly, the country was once a haven for snakes — the name Cancun means 'snakes den' in the Mayan language — but fortunately they have long since been moved on to more remote pastures.

Today, Mexico's top holiday destination is one of the world's most complete resorts, offering a host of attractions, including water sports, such as diving and snorkeling, architectural sites and buildings, dating back thousands of years, as well as superb restaurants and complete shopping — from ultra-modern malls and chic boutiques to open-air markets, where street vendors ply their trade.

What strikes one first after arriving in the resort is the plethora of colours — both in things one can eat and things one can wear.

There's typical Mexican fare, from sumptuous seafood to traditional tacos, and for those more adventurous, the ingredients to actually make your own dishes!

And it seems that on every street corner, one can buy the world-famous Sombrero, and a whole host of outfits to go with it. There are also Mexican wrestling masks for those inclined, as well as dresses piled metres high, each one meticulously embroidered by hand.

One should also remember in Cancun that a quick look can often lead to a purchase. Bartering is part and parcel of the market scene and for the feint of heart it is easy to end up paying far more for your desired keepsake than others before you or after you!

In a nutshell, the surroundings and amenities all proved to facilitate the success of the meeting, which is growing in relevance and importance with each ministerial get-together.

But it was certainly not all play for those involved in organizing the Cancun talks. Intensive days of preparation went into the event, which was preceded by the Fourth International Energy Business Forum (IEBF). One hundred journalists from the Mexican mass media and leading news agencies descended on Cancun from all over the world to witness the next steps in the produce-consumer energy dialogue.

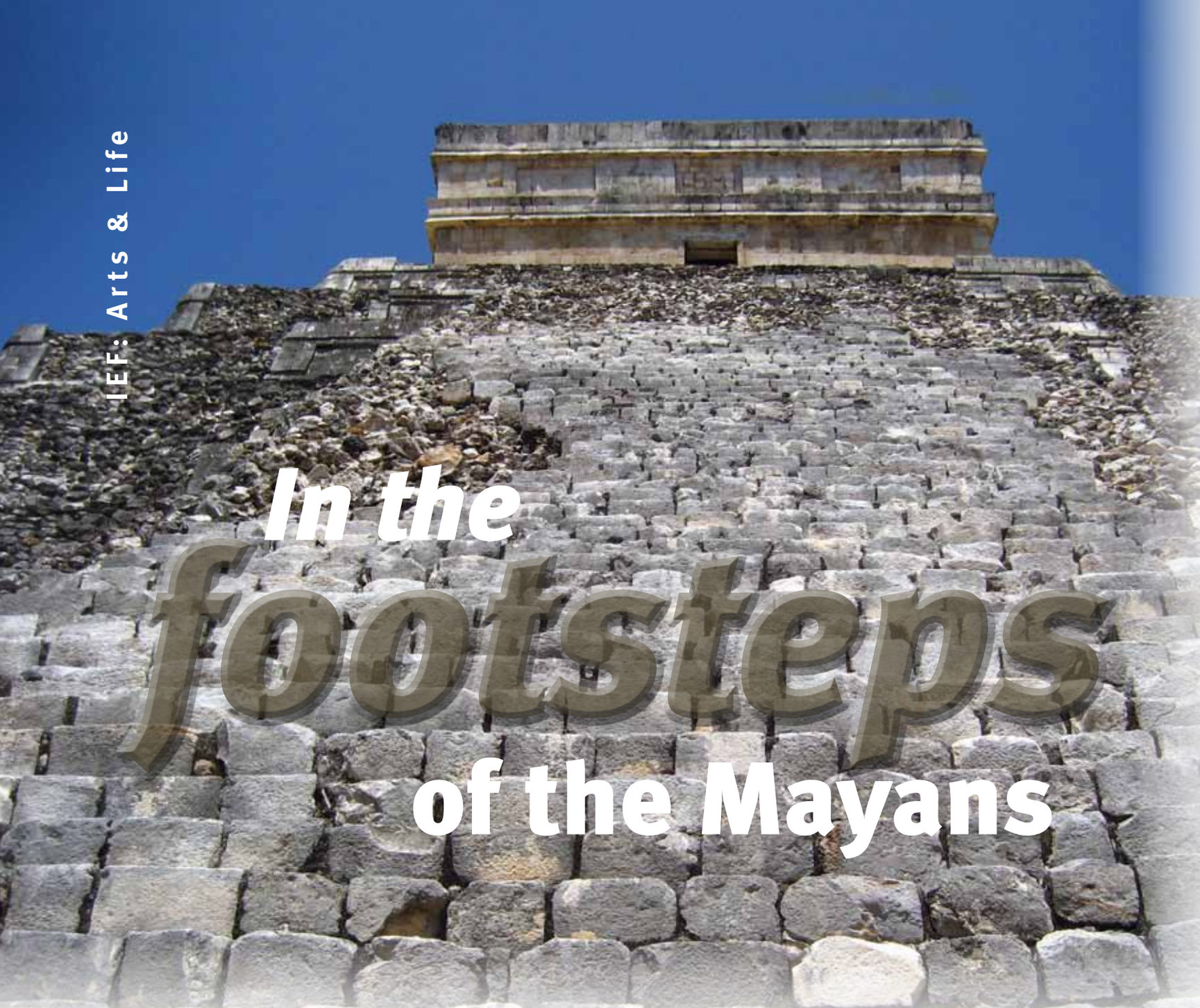
Understandably, with so many dignitaries and personalities on show, security was tight. In fact, members of the Mexican government's secret service arrived at the venue ten days before the talks to ensure that all the necessary measures were put in place. Metal detectors were installed at all entrances of the hotel and dozens of undercover police officers could be found at numerous strategic positions. Some local journalists remarked that security arrangements for the IEF were the strictest they had ever seen.

Growing in importance

But as energy meetings go, there are none bigger, or more important, today than the IEF. So, with everything in place, all that was left was for Mexico's Head of State, Felipe Calderon, to declare the 12th IEF open and for 65 countries that together account for some 90 per cent of global oil supply and demand to deliberate on challenges confronting the energy industry today and in the years ahead.

And as the sun set over two days of meaningful talks, there was still time for that last stroll and informal chat, or even a trip to the market to hone one's bartering skills ... outside the meeting room!

In two years' time, Kuwait will host the 13th IEF. The surroundings will certainly be different to Rome and Cancun, but one thing appears certain — the air of expectation and cordial atmosphere that now pervade these events will surely be in evidence once again.



In the footsteps of the Mayans

Chichén Itzá is one of the 'New Seven Wonders of the World'.

To many visitors, the Yucatán peninsula in Mexico's south, bordered on two sides by the Gulf of Mexico and on a third by the Caribbean Sea, is most renowned for its beach resorts. A place to take a stroll along sands that stretch as far as the eye can see, a place to swim and enjoy the warm seas and offshore reefs, or a place just to put your feet up. Yet the peninsula offers much more as a journey to its heart proves. ***James Griffin*** *leaves the beaches behind and explores the legendary Mayan centre of Chichén Itzá.*

"It is one of the New Seven Wonders of the World," I overhear while eavesdropping on a conversation between a tour guide and a family looking to take a day trip away from Cancun. "Really, I've not heard of the place before," comes the reply. I hear it is a common response regarding Chichén Itzá. In fact, I only knew that it had been voted a new wonder of the world because of some background reading I had undertaken prior to arriving in Mexico.

Certainly, the ancient city of Chichén Itzá does not come close to the fame of some of its contemporaries on the list of new wonders. Think of the Great Wall of China, the Taj Mahal and the Colosseum. Chichén Itzá is not a place that evokes vivid images. It is not a name that roles easily off the tongue. Yet it now ranks alongside these more celebrated places in the list of the New Seven Wonders of the World. This not only intrigues; it also inspires. Just what does Chichén Itzá offer?

After organizing a mini-bus and guide, we head west from Cancun across the Yucatán, a rugged, generally flat terrain, covered by a blanket of semi-tropical rainforest. The road feels long and straight and our journey is only interrupted by the speed bumps that greet us as we approach and drive through local villages.

We stop at one — Cuncunul — and walk around. The place is built around a natural sink hole, locally known as cenotes, that provides water for the locals. This is common across the whole area. The Yucatán has no aboveground rivers. Chichén Itzá itself literally translates as 'the mouth of the well of the Itzás'. Some believe that it was named because of its proximity to three cenotes, two of which are still in existence.

In Cuncunul, life certainly moves at a different pace to the one we are used to. It is calm. There is no hustle and bustle. People seem very happy to just socialize with one another. It is a pastime that many places in the world seem to have forgotten. Actual time seems to matter little. Although, as we will find out at Chichén Itzá, seconds, hours, months and years were extremely important to the Mayans who built the ancient city.

Back on the road, our guide is bombarded with more questions about Chichén Itzá. Who? Why? When? What? Where? It quickly becomes apparent from listening to the responses that Chichén Itzá is a place that exists as much in the state of Yucatán, as it does in the spiritual traditions of the local population, the images and thoughts of the visitors and the scientific visions of those who have studied the civilization.

Its history is still clouded in mystery and there are many contradicting legends. It seems widely accepted that a large Mayan community thrived here for a number of centuries from around 700AD. They built most of the structures in the southern area of the city. However, many of the main buildings that form the central part are believed to have a different design and influence. It is that of the Toltecs, a tribe that originated in Central Mexico.

Children playing in Cuncunul.

Our guide says that one theory suggests that the Toltecs invaded Chichén Itzá and imposed their architectural style on new constructions. Alternatively, some historians underline the fact that the Mayan people traded extensively and because of this were influenced by the Toltec architecture. It is also unknown why the original inhabitants abandoned the city in around 1224. At times, separating out fact from myth seems nigh on impossible.

Our arrival is not the most auspicious. There is a queue to get into the car park, but it does not last long as vehicles somehow find places to park. Having a driver also means we are able and happy to leave this task to him, as we depart the mini-bus and head up the steps to the entrance. In 2010, the ancient city is guarded by a building that hosts a modern tourist facility. It may not quite fit in with the depictions we have just heard of Chichén Itzá, but given the crowds it certainly helps in creating some order to what quite easily could become chaos in the heat of the mid-morning sun.

After parting with 98 pesos, we enter the site. We are greeted by a profusion of colours. There are locals selling everything you might need as you walk around — hats, sunglasses and water. And even things you probably do not — Mexican wrestling masks anyone?

Kukulkan's Pyramid

It is not long, however, before you catch a first glimpse of possibly the site's best known construction: Kukulkan's

Kulkukan's Pyramid incorporates the Mayan calendar.

The elaborately ornate Nun's Building.

Pyramid. It rises imposingly, yet gracefully from the surrounding plain. A square-based, stepped pyramid, whose symmetry is striking from every vantage point. It is clear there must have been a reason for this. Our guide explains that the sophisticated Mayan calendar is incorporated into the architecture of the pyramid. The number of steps on each of the four sides is 91, adding up to 364, which together with the top platform equals the number of days in a year. There are also 18 terraces, one for each 20-day month of the Mayan year.

Additionally, he explains, on the days of the spring and fall equinox, the edge of the shadow from the sun, falls exactly on the corner of the pyramid, leaving one side in total sunlight and the other in total shadow. And when this happens a shadow runs down the northern staircase that resembles the body of a serpent; it eventually joins the stone head of the serpent Kukulkán (also known as Quetzalcóatl), at the bottom of the stairway. He adds that there is also a curious acoustic phenomenon at the pyramid, where the sound of a hand clap is echoed back as the chirping sound of the Quetzal bird, the sacred bird associated with Kukulkán.

How did they do this? It is a question still being asked. At this time, however, the story needed no more words. It was enough to be left with thoughts and images. Although I was not anticipating that some of these would be about Indiana Jones! Nevertheless, it was clear that Mr Jones would probably have been at home here. The place feels like it still holds many secrets.

This is further brought home as talk with the guide turns to the year 2012. The Long Count Calendar of the Mayans falls on December 21, 2012, the end of a 5,126-year era. And it is believed that the Mayans thought this date signified the creation of a New World Age. Today, some suggest that a catastrophic event may have been predicted, while others believe it embodies a positive, spiritual change. Whatever it may mean, it is perhaps worth noting the date in your diaries!

The Great Ball Court

Close by to Kukulkan's Pyramid is another structure that has provoked much debate. It is the Great Ball Court of Chichén Itzá. While we could not get right into the ball court, as preparations for an Elton John concert, would you believe, were underway, its structure and scale were readily apparent even from a distance. The pitch is 545 feet long, 225 feet wide, has two 25 feet high walls run-

The Observatory at Chichén Itzá is called el Caracol (or snail in Spanish).

ning alongside the field and the goals are 20 feet in the air. It is the largest of its kind in the Mayan world.

Our guide describes a game that is very different to any played today. One where players can only use their hips and the ball cannot touch the ground, he says. Only the hips! And with stone hoops for goals that are over three times higher than my six foot frame! And who might be the ideal player today — a combination of Shakira and Michael Jordan perhaps? I later found out that you can also use elbows and wrists, but even so it is a sport that would need some considerable skill to play, let alone score a goal.

It is also believed that there was much at stake, although again, there are different accounts as to what actually took place. Some believe that the winning Capitan would present his own head to the losing Capitan, who would then decapitate him. While this may seem a very strange reward to the majority of us in this day and age, the Mayans are believed to have viewed a sacrifice in this way to be the ultimate honour. Others think the opposite, with the losing captain sacrificed by the winner. No one knows for sure. It is evident, however, from the carvings on the lower walls of the court that depicts a team member with blood spurting from his headless neck, that sacrifices certainly took place.

At the heart of the village: Cuncunul Church.

The site continues to serve up impressive structures. There is Tzompantli, a low, flat platform surrounded with carved depictions of human skulls and the Platform of the Eagles and the Jaguars, which is built in a combination of Mayan and Toltec styles. Each side has a staircase to the top and carved into the sides are panels depicting harpy eagles and jaguars. There is also the Group of a Thousand Columns, a series of exposed structures that are believed to have once supported an extensive roof system, the elaborately ornamated Nun's Building and the Observatory.

The history of Chichén Itzá remains shrouded in mystery.

The unknown

There is much more; but having only a few hours means a few corners need to be cut. As we head back to the mini-bus I start to appreciate just why Chichén Itzá was voted one of the New Seven Wonders of the World. There are obviously the impressive structures, all of them built with an amazing degree of architectural perfection and variety, and at a time when Europe was still in the midst of the Dark Ages. And supporting these is the Mayan's unbelievable grasp of astronomy, mathematics, writing and calendars. But it is perhaps all that remains unknown about their civilization that gives it that extra something.

Photographs on pp44–47 courtesy James Griffin.

Nigeria mourns death of its soft-spoken President

Nigerian President, Umaru Musa Yar'Adua, waving to the people during his swearing-in ceremony in Abuja, Nigeria, May 29, 2007.

Nigeria's President, Umaru Musa Yar'Adua, long plagued by poor health, has died. He passed away at 9pm on May 5 at the Aso Rock Presidential Villa, with his wife, Turai, at his side. He was 58. He was buried in a Muslim ceremony the following day in his home state of Katsina, in the north of the country, during seven days of national mourning.

Details of the President's passing away were made public by Presidential Special Adviser on Media and Publicity, Olusegun Adeniyi. His death came ten weeks after he flew back to his homeland from Saudi Arabia, where he received treatment for his longstanding ailments.

Nigeria's Acting President, Goodluck Jonathon, has now assumed the Presidency, by virtue of Section 146 of the 1999 Constitution. Due to Yar'Adua's absence in office, he had already been fulfilling that responsibility for some time.

A spokesman for Jonathan said the Acting President had received the news of the President's death with "shock and sadness". He stated: "Nigeria has lost the jewel on its crown and even the heavens mourn with our nation tonight."

World leaders have paid tribute to Yar'Adua. US President, Barack Obama, led the accolades, stressing the President's "profound personal decency and integrity, his deep commitment to public service, and his passionate belief in the vast potential and bright future of Nigeria's 150 million people."

In his message, he said: "President Yar'Adua worked to promote peace and stability in Africa through his support of Nigerian peacekeeping efforts, as well as his strong criticism of undemocratic actions in the region. He was committed to creating lasting peace and prosperity within Nigeria's own borders, and continuing that work will be an important part of honoring his legacy."

Yar'Adua's ill-health became apparent during his time as Governor of Katsina State, from 1999 to 2007. Suffering

from a kidney-related ailment, he spent six months in a German hospital. But he appeared to have recovered sufficiently to contest the presidential election in 2007, after undergoing a kidney transplant.

His election as President marked a milestone for the country. It was the first transfer of power from one civilian President to another since Nigeria's independence in 1960. He succeeded President Olusegun Obasanjo.

However, not long after his inauguration, Yar'Adua's health started to fail again and he had to be flown abroad on several occasions for treatment.

The latest of those visits was to Saudi Arabia, in November 2009, where he was admitted to the King Faisal Specialist Hospital and Research Centre in Jeddah. At the time, his personal physician, Dr Salisu Banye, told newsmen that Yar'Adua was being treated for acute pericarditis, an inflamation of the membrane surrounding the heart. He subsequently spent 93 days at the hospital.

Messages of condolence

Yar'Adua returned to Nigeria on February 23, and remained at the Presidential Villa. However, two weeks before that, and due to the uncertainty surrounding his medical condition, the National Assembly passed a resolution declaring Jonathan as the Acting President.

The news of the President's death spread immediately throughout the country with many Nigerians expressing shock and grief at his demise. Messages of condolence immediately began to flood in.

Bukola Saraki, Governor of the Nigerian State of Kwara, who is Chairman of the Nigerian Governors' Forum, said: "The passing on of the President at this point in time in our national history is not only tragic, but devastating. It is indeed a colossal loss to the nation and Africa."

In his reaction, Ondo State Governor, Olusegun Mimiko, described the President's transition as a sad loss to the nation. In a statement issued by his Chief Press Secretary, Kolawole Olabisi, he described Yar'Adua as an apostle of democracy, who maintained a firm belief in the rule of law and fair play.

Kogi State Governor, Ibrahim Idris, said in a statement, issued by his Chief Press Secretary, Richard Elesho, "We condole with the family and pray that God grants them the fortitude to bear the loss. The man suffered for so long. It is indeed a big loss."

Yar'Adua became the second Nigerian leader in recent years to die of natural causes while in office after the late General Sani Abacha passed away on June 8, 1998.


AP Photo

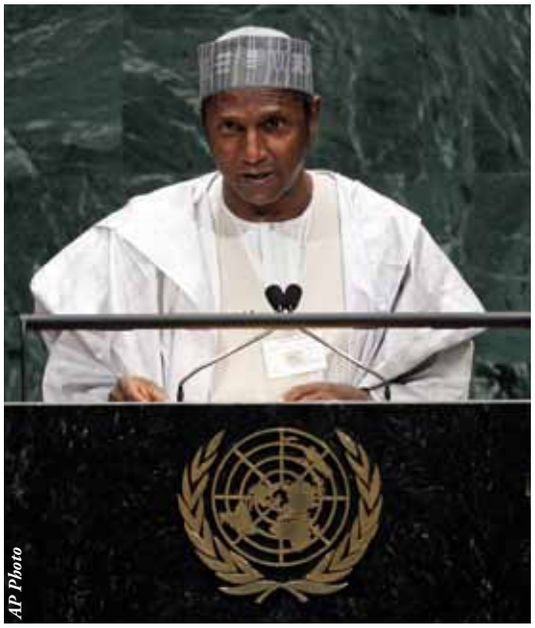
Born into one of Nigeria's best-known political families in northern Nigeria in August 1951, Yar'Adua was a soft-spoken and quiet man renowned for his integrity. He earlier worked as a chemistry professor at the College of Arts, Science and Technology, in Zaria, Kaduna State, before moving to the corporate sector.

Analysts say that apart from helping to promote banking reforms, he made the most progress of any Nigerian leader in quelling the unrest in the Niger Delta region, home to the country's oil resources. Last year, he signed an amnesty deal with militants in the area.

Married twice, Yar'Adua leaves nine children.

Above: Yar'Adua holds the Quran as he takes the oath of office in front of the then Chief Justice of Nigeria, Idris Kutigi (r).

Below: Yar'Adua addresses the United Nations General Assembly at UN Headquarters in September 2007.


AP Photo

Gas exporters seek better prices, long-term strategy

Pictured above is Algeria's Energy and Mines Minister, Dr Chakib Khelil (l), addressing a news conference with the GECF's Secretary General, Leonid Bokhanovskiy, Vice-President of the Russian energy services firm, Stroytransgaz.

The world's leading gas producers and exporters have agreed to launch a framework for the development of a long-term strategy for the environmentally-friendly industry, which is set to expand considerably in the years ahead.

The Gas Exporting Countries Forum (GECF), which held its 10th Ministerial Meeting in Oran, Algeria, in April, decided to establish a working group comprising member country representatives that will work closely with the GECF Secretariat to develop and finalize a five-year strategy for members, in line with the principles of the GECF statute.

According to an official declaration issued at the end of the one day meeting, ministers from the 11 GECF member countries also agreed to look at organizing a first gas summit for the group in 2011.

In representing and promoting the interests of global gas producers, the GECF, officially regarded as an international multinational organization, exchanges expertise in gas exploration and transportation. One of its overriding aims is to draw up a framework for international gas markets.

The Forum has made considerable progress since it was formed in 2001. Over the last two years it became a legal entity with the signing of the Gas Exporting Forum Functioning Agreement; it set up its permanent Secretariat in Qatar; and it appointed its first Secretary General, Leonid Bokhanovskiy, Vice-President of the Russian energy services firm, Stroytransgaz.

Its membership, which is already significant in representing around 70 per cent of global gas reserves, also looks set to expand in the near future.

Angola looking to join

The GECF currently has 11 full signatories — Algeria, Bolivia, Egypt, Equatorial Guinea, Iran, SP Libyan AJ, Nigeria, Qatar, Russia, Trinidad and Tobago and Venezuela — but two potential new members — Angola and Yemen

Reuters

Reuters

— attended the latest talks as observers. Other producers that have been represented at past meetings of the Forum include Kazakhstan, the Netherlands and Norway.

In fact, the GECF, in its declaration, encouraged other producers to support the Forum's objectives by stating: "We place emphasis on the fact that the GECF is open for accession to other gas-exporting states that support the GECF Statute, both as members and observer members."

Angola's Minister of Petroleum, José Maria Botelho de Vasconcelos, was quoted on the sidelines of the Oran meeting as saying that his country was considering joining the Forum.

"Currently, we are an observer member. But we are going to analyze the likelihood of joining up because we have begun gas production activities," he said.

The future of the gas industry indeed looks assured. Global gas reserves have almost doubled over the past two decades and currently stand at well over 180 trillion cubic metres, with OPEC Member Countries accounting for just over half of all known deposits. Russia possesses the largest gas reserves, followed by Iran and Qatar.

However, production of gas worldwide is not what one would expect, given the extent of the reserves. With annual production of around 3tr cu m, the industry is still perceived young with great potential for the future.

And with OPEC Member Countries currently accounting for under 20 per cent of global output, with production of some 570bn cu m of gas, their developing gas industries are seen as a valuable addition to the well-established oil operations.

One of the chief concerns of gas producers today is the price of the fuel, which has almost halved over the past two years.

Natural gas, which is traditionally sold under long-term contracts, has failed to realize the kind of price rebound registered over the past few months in the crude oil markets.

Higher prices needed

Gas producers maintain that securing higher prices is essential for supporting the scale of investments needed to conduct exploration and production activities for future capacity expansion programmes.

The GECF Members, in their Oran declaration, made reference to the gas pricing situation in stating: "We agree

Left: A snapshot of the opening ceremony of the 16th International Conference and Exhibition on LNG. The GECF talks were held during the four-day event.

Above: Attendees at the 16th International Conference and Exhibition on LNG.

Left: Algeria's Energy and Mines Minister, Dr Chakib Khelil (l), with Qatar's Deputy Premier and Minister of Energy and Industry, Abdullah bin Hamad Al Attiyah.

Above: Angola's Minister of Petroleum, José Maria Botelho de Vasconcelos.

that ensuring adequate and reliable supplies of gas at prices reflecting parity with oil prices and the advantages of natural gas is a challenge, taking into consideration that natural gas is an essential part of the fuel mix and plays an important role in satisfying the global need for an environmentally friendly energy source."

Oil and gas parity

Russian Energy Minister, Sergei Shmatko, speaking after the meeting stressed that all ministers had agreed that the aim of the Forum was to continue to support the linking of gas to oil parity.

"We also believe that there should not be competition between different types of gas. We believe that there is today a certain conflict between long-term contracts and the spot market," he added.

The minister was referring to the current gas glut which had led to competition between the producers of conventional pipeline gas and liquefied natural gas (LNG). This had effectively driven prices down and affected profits.

Algeria's Energy and Mines Minister, Dr Chakib Khelil, alluded to the pricing problem before the talks when he said he would be asking the ministers to consider making coordinated cuts in supply to the natural gas spot market, in order to try and correct the price slump.

Khelil, who this year holds the rotating Presidency of the Forum, warned that a prolonged period of low gas prices would harm consumers, as well as producers, because it would lead to reduced investment in gas products, creating a shortage when demand picked up.

"We want an appropriate price for both producers and consumers. The appropriate price helps boost investments by producers, but any collapse in prices would have a negative impact on projects," he was quoted by the media as saying.

However, according to the GECF's Secretary General, Leonid Bokhanovsky, the (Algerian) proposal was not discussed in detail and no practical steps on such cuts were discussed in the meeting's open session.

Khelil also pointed out that the work of the GECF

Reuters

Left: The Qatari stand at the 16th International Conference and Exhibition on LNG in Oran.

Reuters

Angola's national oil company, Sonangol, also had a stand at the exhibition.

and the realization of its objectives would be enhanced through cooperation with other international bodies, such as OPEC and the IEA.

Concerted cooperation

In this respect, the Oran meeting stressed the need for having concerted cooperation and joint participation between the gas producers and consumers.

The ministers, in their declaration, said they supported an increase in energy security by means of interaction of both cross investments and technological exchange "without unjustified barriers, especially those related to carbon taxation, between gas consumers and producers, based on the growing interdependence between them."

It continued: "We encourage the model in which a gas consumer participates in upstream and gas infrastructure development projects on a producer-exporter country, while a gas exporter invests in mid and downstream networks and other gas facilities on a consumer side."

The next ministerial meeting of the GECF is scheduled to take place in Qatar on December 2, 2010.

The GECF meeting was conveniently held during the 16th International Conference and Exhibition on Liquefied Natural Gas (LNG 16), which ran from April 18 to 21.

Held every three years the LNG conference and exhibition, which alternates between producer and consumer countries, is the largest event in the world dedicated to the LNG industry. It attracts more than 2,000 delegates and has more than 100 exhibitors.

LNG 16 was held in the just-completed Oran Convention Centre, capable of seating 3,000 people and has a 20,000 square metre exhibition hall. Other facilities offered are two 500-seat breakout rooms, 20 meeting rooms and dining facilities to accommodate over 2,000 delegates. A 300-room, five-star hotel is also incorporated in the project.

Secretariat hosts 10th training course for Member Country oil professionals

Dr Hasan M Qabazard, Director of OPEC's Research Division.

Oil professionals from OPEC Member Countries attended the 10th Multidisciplinary Training Course (MDTC), organized by the Organization's Secretariat in Vienna, in April.

Around 30 officials from Member Countries attended the week-long course, which is designed to broaden participants' understanding of world oil markets, as well as the work of the OPEC Secretariat.

The intensive programme, which is held annually, also aims to increase cohesion and solidarity among the Organization's 12 Member Countries, as well as acquaint officials with the staff of the Secretariat.

Participants are largely drawn from Member Country oil and petroleum ministries, or their national oil companies.

This year's course, held at OPEC's newly inaugurated Headquarters, coincided with celebrations marking OPEC's 50th year of existence. The anniversary of its birth is in September.

Full programme

In welcoming delegates to the 2010 gathering, Dr Hasan M Qabazard, Director of the OPEC Research Division, stressed that, just as in past meetings, great attention had been devoted to carefully planning the contents of the MDTC.

He noted that during their deliberations, participants would listen to experts discuss the many aspects of the international oil market, as well as the diverse work of the Secretariat, including the research, legal, public relations and information, administration and IT services, and the finance and human resources functions.

Qabazard extended special thanks to Dr Nimat Abu Al-Soof, Chairman of the Academic Committee, who had been responsible for planning the curriculum of the MDTC.

Pictured above are Members of the OPEC Management at a briefing to participants of the MDTC (l–r): Oswaldo Tapia, Head, Energy Studies Department; Abdullah Al-Shameri, Head, Office of the Secretary General; Fuad Al-Zayer, Head, Data Services Department; Dr Hasan M Qabazard, Director, Research Division; Mohammad Alipour-Jeddi, Head, Petroleum Studies Department; Dr Ibibia Lucky Worika, General Legal Counsel; Layla Abdul-Hadi, Head, Human Resources Section; Angela U Agoawike, Senior Editorial Coordinator, in charge of the PR & Information Department.

"Dr Al-Soof will be leaving the Secretariat at the end of this month to take up new responsibilities at another international organization. Please join me in wishing him well in the future," he added.

Eight sessions

The programme was divided into eight sessions, the first of which comprised a presentation on OPEC, accompanied by the film 'Instrument of change'.

Session two covered energy modeling and included a presentation on the OPEC World Energy Model (OWEM).

On the second day of the meeting, long-term issues related to the oil market featured in session three, which also covered the performances of international oil companies, refining and environmental issues, as well as fiscal regimes. The session also included an overview of the activities of the Secretariat's Energy Services Department.

In session four, centering on data issues, participants heard of the role of energy data in research and received presentations on the OPEC Reference Basket and the work of the Joint Oil Data Initiative (JODI).

OPEC Fund visit

Day four of the programme was particularly busy. It started with an overview of topics related to the short-term petroleum outlook and included presentations on the world economic outlook, oil price movements, the main determinants of oil demand and oil supply, as well as stock movements and the supply and demand balance. The activities of the Secretariat's Petroleum Studies Department were also highlighted in this session.

OPEC's corporate image was the subject of the sixth session, which featured a presentation on the Organization's image challenge and the work of the Secretariat's intranet service.

Members of OPEC Management seen with delegates of the 2010 MDTC.

On day four of the programme, the Secretariat's legal challenges and human resources functions were covered, while the final session was reserved for a panel discussion, chaired by OPEC Secretary General, Abdalla Salem El-Badri.

On the last day of the programme, participants visited OPEC's sister Organization in the Austrian capital, the OPEC Fund for International Development (OFID), where they received a briefing on the history, philosophy, aims and activities of the Fund.

On the final day of the programme, the MDTC participants paid a visit to OFID.

Rana Wintersteiner

Survey highlights the high cost of oil speculation

Financial speculators in oil are costing consumers at least $300 billion a year. That is the finding of a survey conducted by the *Reuters* news agency.

In its poll of more than 40 major figures in the oil industry, including traders, as well as analysts at some of the largest banks, trading houses and oil companies, the agency said that 73 per cent of those surveyed thought increased speculation had boosted prices above the level dictated by supply and demand. Only 17 per cent said it had had no impact.

Many of those surveyed said it was hard to quantify how much speculation had raised prices by, but estimates ranged from around $10 to $30/barrel.

"If prices are $10/b higher than dictated by supply and demand, producers are earning an extra $6 billion a week globally, or more than $300bn a year," Reuters said.

It noted that the role of speculation in oil had become increasingly controversial as financial investors had poured money into commodities, changing the shape of markets that were traditionally the preserve of major industrial producers and consumers.

Regulation necessary

"Many financial participants have publicly denied the accusation they boost prices in the past, but the confidential poll of bank analysts, traders, hedge funds, brokers, refiners, exchanges, consumers, consultants and academics found a clear majority think increased regulation is necessary," commented the news agency.

It quoted Commerzbank analyst, Eugen Weinberg, as saying that in his opinion, investment inflows into the market over the last years did contribute to the price increases and heightened speculation brought more volatility.

OPEC has long warned of the dangers of the growing presence of speculators in the international oil markets, stating that a considerable premium was being attached to prices as a result of their activities.

Reuters observed that the United States Commodity Futures Trading Commission (CFTC) had moved to rein in speculation in energy and commodity trading, especially oil, and had proposed limiting the number of futures contracts financial players could hold at any one time.

Limits too large

It noted that the position limit proposal stemmed from the spike in oil futures prices to a record of almost $150/b in 2008.

Even though CFTC economists said the surge was due to supply and demand, just over a quarter of those polled by Reuters shared that view. Many economists had warned that higher oil prices risked derailing the recovery as the global economy came back from the biggest financial crisis in 70 years.

But while 64 per cent of those surveyed favoured increased regulation, only 41 per cent said the current CFTC proposals would be successful. Almost a quarter said the limits did not go far enough or saw ways for traders to circumvent the rules, while 35 per cent said they risked doing more harm than good.

"The proposed position limits are much too large," Paul Cicio, President of the Industrial Energy Consumers of America (IECA), was quoted as saying. "It will have insufficient impact to curb excessive speculation unless they take action to reduce the total amount of speculative positions relative to *bonafide* hedgers and ban passive index speculative trading."

The period for public comments on the CFTC proposals has now ended. Comments received so far illustrate the gulf between many financial investors and traditional large consumers like shipping firms, airlines and other energy intensive industries.

In official comments submitted to the CFTC, the world's second largest container shipping firm and the US Air Transport Association have urged the Commission to adopt limits, while warning the proposals do not go far enough.

Sanctions not a worry as Iran moves to privatize refineries


Iran's Petroleum Minister, Masoud Mir-Kazemi.

Iran intends to privatize its domestic refineries and petrochemical plants in a bid to encourage private investment and boost the economy.

This was announced by the country's Petroleum Minister, Masoud Mir-Kazemi, who was quoted by the *Mehr* news agency as saying that work on ceding the ownership of oil companies had started.

"Based on the plans, all petrochemical units and refineries will be ceded, including service, drilling and support companies," he said.

It was announced earlier in April that Iran was aiming to generate some $12.5 billion by privatizing more than 500 state firms during fiscal 2010–11.

Mehdi Aqdaie, Deputy Director of Iran's Privatization Organization, said the Bandar Abbas and Abadan refineries would be among the first to be offered for sale on the Tehran Stock Exchange.

Quoted by the *Iran Daily*, he said the budget law for the Iranian year that started on March 21 stipulated that 524 companies were to be privatized during the year.

"The projected income from the sale of the companies stands at around $12.5bn, which will be used towards the reimbursement of government debt," he pointed out.

Iran is the subject of United States and United Nations economic sanctions over its disputed nuclear power programme, which many commentators have said has affected levels of foreign investment made in the country.

However, Mir-Kazemi told a recent energy conference that international sanctions on Iran had not harmed its domestic oil industry.

"Despite all the limitations imposed on Iran's oil and gas industry, we have been able to improve. Imposing sanctions has not isolated Iran, but helped the country to improve its oil industry," he maintained.

Oil and gas investment

This backed up his earlier statement made to the *Shana* news agency that Iran had no problem in meeting the country's petroleum demand. "We are familiar with sanctions and sanctions will have no impact on our oil industry," he said at the time.

But the Minister reiterated at the conference that his country needed to invest an estimated $200bn in its oil and gas sector over the next five years.

"In the course of our fifth five-year plan (2010–15), we will have to invest $200bn in the oil sector, of which $125bn will have to be in the upstream sector," he told delegates.

Mir-Kazemi noted that Iran's recoverable crude oil reserves stood at 138bn barrels, while its gas deposits amounted to 29 trillion cubic metres.

He was quoted as saying in Tehran that Iran had the capability to produce more than 4.1 million barrels/day of crude, although its actual output was much less due to OPEC allocations.

"Iran has always tried not to go beyond 3.6–3.7m b/d to remain committed to OPEC quotas," he stressed.

Kuwait's oil capacity expansion plans on track

Kuwait's Oil Minister, Sheikh Ahmad Abdullah Al-Jaber Al-Ahmad Al-Sabah.

Kuwait currently has spare oil production capacity amounting to around one million barrels/day, according to the country's Oil Minister, Sheikh Ahmad Abdullah Al-Jaber Al-Ahmad Al-Sabah.

Speaking at a conference, he said Kuwait was capable of producing 3.1m b/d of crude, although its output allocation from OPEC stood at 2.2m b/d.

The Minister said his country was keen to sign more technical service agreements with international oil companies to boost capacity further. The aim was to have a 3.5m b/d output capability in place by 2015, rising to 4m b/d in another five years after that, a level that would hopefully be sustained.

He was quoted as saying that with oil prices at levels of around $75–90/b, investment in new schemes would be encouraged. Such investment would be required to meet the expected growth in global oil demand, which was set to rise by around 1m b/d over the next five years, fuelled mainly by the performance of Asian countries, such as China and India.

In support of its upstream development plans, Al-Sabah recently inaugurated a new gathering centre at the Sabriya oil field, the country's third largest and located on the northern border.

Success story

Costing almost $630m, the centre, can process 165,000 barrels of crude and 85m cubic feet of gas a day.

The project is a success story for its constructor, SK Engineering and Construction of South Korea, which completed the facility six months ahead of schedule. It was due to go online in September.

It replaces the original gathering centre, which was damaged during the Gulf conflict.

"The new centre is one of the facilities contributing toward the 2020 expansion strategy," commented Sami Fahad Al-Rushaid, Chairman and Managing Director of the Kuwait Oil Company (KOC).

He was quoted as saying at a conference that Kuwait would be looking to the latest enhanced oil recovery techniques to help meet its future production targets, especially in its northern fields.

Al-Rushaid pointed out that the country intended investing well over $10bn in upstream projects over the next five years.

The country, he said, was in discussions with most of the major international oil companies, with a view to signing the technical service agreements referred to by Oil Minister Al-Sabah.

Al-Rushaid noted that meeting their production capacity goal depended a great deal on developing the county's heavy oil deposits in the north, which had the potential to bring up to 300,000 b/d of output onstream by 2030.

He said that despite the fact the country would face challenges with maturing fields, he was confident the 4m b/d capacity target set for 2020 would be attained.

Local firms to get priority in award of Nigerian oil blocks


Reuters
Nigeria's new President, Goodluck Jonathon.

Nigeria's indigenous oil companies will now be given priority in the award of oil blocks in the country over foreign concerns, following the introduction of a new oil industry bill.

The bill, signed into law by the country's Acting President, Goodluck Jonathon, also stipulates that foreign firms operating in Nigeria will have to employ more local workers.

"This bill seeks to address the compelling need for us as a nation to have indigenous participation in the industry," Jonathan, who has since become President of Nigeria, following the death of Umaru Musa Yar'Adua *(see page 48)*, was quoted as saying at the bill signing ceremony in Abuja.

"There shall be exclusive consideration to Nigerian indigenous service companies which demonstrate ownership of equipment, Nigerian personnel and the capacity to execute jobs in the domestic oil and gas industry," he added.

Industry experts estimate that the new law could provide many thousands of new jobs for Nigerians. Currently, the Nigerian content in the oil and gas sector stands at around 40 per cent.

The new bill will mean that domestic oil firms seeking to bid on oil licences, or blocks, will be given priority. In a further incentive, such firms will not be discounted, even if their bids for contracts are ten per cent higher than other submissions.

In addition, foreign oil companies will be required to lodge regular reports with a new entity — the Nigerian Content Monitoring Board — on the make-up of their workforce.

The move is part of the country's plans to improve the working and living standards of its people, which, over the years, has been the subject of unrest, especially in the Niger Delta region, the main oil-producing area.

Jonathan has already approved the disbursal of some $3bn from the country's windfall oil savings account, money that is designed to fund "urgent development projects" in the nation's 36 states and support the work of government agencies.

He most recently called for the urgent setting up of a sovereign wealth fund for the country, telling the National Economic Council that he wanted to establish a framework for the fund within three months.

Excess crude account

The country's new Finance Minister, Olusegun Aganga, said the new fund would eventually replace the country's oil savings account, which saves any oil revenue above a benchmark oil price.

"The intention is that the (sovereign wealth) fund will be funded by what we have in the excess crude oil account," Aganga was quoted as saying by reporters after the Economic Council meeting.

"The present arrangement is just an administrative arrangement, it has no legal basis. What we have to begin now is to give it a legal basis so the excess crude account will be replaced by a legal arrangement, in line with international best practice," he added.

Aganga said the new fund would include a stabilization facility to shield Nigeria against volatile oil prices, as well as provide for future generations.

Qatar inaugurates mega aluminium smelter

The Emir of Qatar, Sheikh Hamad bin Khalifa Al Thani, accompanied by Norway's Crown Prince Haakon.

The Qatar Aluminum Company (Qatalum) has officially launched its ambitious new smelter in Mesaeed Industrial City. When it reaches full capacity later this year, the project will be one of the largest primary aluminium plants ever built in one phase.

The plant received a royal inauguration in April in a ceremony conducted by the Emir of Qatar, Sheikh Hamad bin Khalifa Al Thani, accompanied by Norway's Crown Prince Haakon.

Also present were Abdullah bin Hamad Al Attiyah, Deputy Premier and Minister of Energy and industry, Trond Giske, Norway's Minister for Industry and Trade, Terje Riis-Johansen, Norway's Minister for Oil and Energy, and Erik Lahnstein, State Secretary in the Norwegian Ministry of Foreign Affairs.

A joint venture between Qatar Petroleum (QP) and Hydro of Norway, the plant has an initial full capacity of 585,000 tonnes of primary aluminium, which will be exported as value-added cast-house products. A dedicated power plant with an installed capacity of 1,350 megawatts will ensure a stable supply of electricity for operations.

Hydro was responsible for the planning and execution of the project, in accordance with the project management agreement entered into with Qatalum.

Remarkable accomplishment

The Qatalum development, with a total investment of $5.7 billion, represents the largest Norwegian industrial project conducted abroad.

First metal was produced — on schedule — in December 2009. The plant is the result of more than 90 million working hours. More than 56,000 workers from over 200 companies have been directly involved in its construction.

In a press release carried by the Qatar News Agency (QNA), Al Attiyah, who is also QP Board Chairman, congratulated Qatalum for "such a remarkable and mammoth accomplishment which is expected to render success and pioneering in its service to the homeland and citizens alike."

Abdullah bin Hamad Al Attiyah (r), Deputy Premier and Minister of Energy and Industry, with Trond Giske, Norway's Minister for Industry and Trade.

He said the new plant, due to start producing its full initial capacity from December this year, would play an effective role in applying development-related strategies in Qatar. Its inauguration, he said, coincided with the vision of the Emir of Qatar for optimally exploiting the country's natural resources and achieving economic diversity.

Trond Giske (r), Norway's Minister for Industry and Trade, and Qatalum Chief Executive, Jan Arve Haugan

In highlighting the "strenuous and faithful national efforts exerted to bring such a plant to light," Al Attiyah said the project would provide more than 20,000 job opportunities and more than 1,000 permanent jobs inside the local community in Mesaeed Industrial City.

He disclosed that Qatalum was expected to support Qatar's gross domestic product (GDP) by about $1.5 billion annually.

Ramping up output

The project was part of Qatar's efforts to promote and boost the industrial sector in the country and upgrade its activities to global standards, based on three distinctive areas of potential — the country's huge natural gas reserves, its industrial infrastructure and its market flexibility concerning trade between Europe and Asia.

Jan Arve Haugan, Qatalum Chief Executive Officer, noted that since beginning production in December, Qatalum had been invigorating its production pots at the rate of 2.2 tonnes per day. It had now attained a capacity of 139 tonnes.

Said Haugan: "Capacity is not really an issue for us right now. We are gradually ramping up production," adding that the company had identified market potential, particularly in Asia.

"Hydro is doing the marketing for us. We have established a marketing office in Singapore. We plan to export to destinations such as the Philippines, Malaysia and emerging markets like Asia and the Middle East," he said.

"We will also be exporting to Japan. Our products find usage in its car industry," Haugan said.

Qatalum is sourcing alumina for its plant from Brazil and Western Australia.

"We have a marketing agreement with Hydro Aluminium and 100 per cent of our metals will be marketed by them. Hydro has a substantial market share in Europe, but is now growing in Asia as well," he explained.

Haugan noted that the firm planned to produce aluminium foundry alloys that went into the castings used in the automobile industry, as well as extrusion ingots that found a use in construction materials, like window frames.

The assurance of a permanent gas supply from a country such as Qatar had helped the company, he stressed.

"When you have assurance of gas supply you do use it to produce the necessary power," he said. "As far as profitability is concerned, it depends on the productivity of the company. That is how you compete with the best," he affirmed.

Norway's Crown Prince Haakon seen while touring the plant.

Haugan said the company's dedication to achieving sustainability and environmental safety, together with the operational performance and advanced technology, put "Qatalum in the forefront of the leading aluminum firms worldwide."

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.

Above: The Ambassador of the Permanent Mission of the Republic of Benin in Vienna, Séraphin Lissassi (l), visited Abdalla Salem El-Badri, OPEC Secretary General, on April 30, 2010.

Above: Abdalla Salem El-Badri (r), OPEC Secretary General, with Chadwick Williams, the co-founder of the 'Who I Am I' project, who visited the OPEC Secretariat on April 27, 2010 (also see feature on the Who I Am project on page 66).

Left: The newly appointed Indonesian Ambassador to Austria, I Gusti Agung Wesaka Puja (l), paying a courtesy visit to Abdalla Salem El-Badri, OPEC Secretary General, on April 27, 2010.

5th Annual Meeting of OPEC Research and Development Officials

Above and below are delegates who attended the 5th Annual Meeting of OPEC Research and Development Officials. Seated on the panel are the Chairman, Dr Emad Roayaei (c), Deputy in Project Studies, National Iranian Oil Company; Dr Hasan M Qabazard (l), Director of OPEC's Research Division; and Oswaldo Tapia (r), Head of OPEC's Energy Studies Department.

Who I Am

OPEC helps to mark first year of mother tongue and cultural identity programme

By Siham Alawami

When I was a teenager, I always wanted to speak in English, instead of my native Arabic. It seemed natural at the time, although I now wonder whether the yearning had something to do with an identity problem, or if I simply felt there were many advantages to being able to converse in the 'world language'. In Vienna, my adopted home, English is taught from an early age and forms an integral part of the school curriculum. It is very common to hear groups of local youths chatting in English, but I still question whether those that do use it frequently, when the official language is German, just want to be somehow mainstream. However, after recently attending a special gala evening at the Vienna International Centre (VIC), to mark this year's 'International mother language day', I feel I understand a lot more about the importance of linguistic diversity and multilingual education.

"Communication is not a product of life. It is a prerequisite of life," commented Layla Abdul-Hadi, whose home is in the United Arab Emirates (UAE).

Addressing the *Who I Am* gala event on behalf of OPEC Secretary General, Abdalla Salem El-Badri, she continued: "... human beings require a human relationship, or interaction, to be able to survive."

Ms Abdul-Hadi, who is Head of the Human Resources Section at the OPEC Secretariat in Vienna, joined some 500 students, parents, and teachers, from both the local and international communities, who came together to celebrate the special day, an initiative launched by the UN Educational, Scientific and Cultural Organization (UNESCO) and which has been marked since 2000.

The gala evening also concluded the year-long Vienna City-Wide Project for Mother Tongue and Cultural Identity, which was organized and orchestrated by the non-governmental organization, *Who I Am*. OPEC, as a founding sponsor, has played a major role in this initiative.

In outlining how English had become the language of global education and commerce. Ms Abdul-Hadi said: "Looking around this room, I see people of various ethnic backgrounds. Although we are privileged and have the opportunity to learn many languages, we should never forget about learning and mastering our own mother tongue as well, because our mother tongue is the most essential factor affirming our heritage and ultimately our identity."

She maintained that when one looked at the modern globalized world today, one noticed how easily people's national identities could diminish.

"Imagine a world where there would only be one race, one religion, one culture and one language. Would you like to live in that world? Would you travel to different corners of it? Probably not; as there would be nothing new to discover. There would be no diversity. This is why it becomes highly important to pass the gift of embracing our mother tongue and culture to future generations, to help shape their unique individual personalities," she affirmed.

Ms Abdul-Hadi said that to do so successfully, "we must embrace our heritage and language with pride and not feel ashamed because we are different. At the same time, we should demonstrate tremendous tolerance to others who are different from us. Just because some people speak and think differently from us does not mean that one race or culture is superior to another."

Referring to her own experience, Ms Abdul-Hadi pointed out that, at OPEC, employees lived in a multicultural, multi-ethnic and multi-lingual workplace. The Organization was composed of 12 different oil-exporting countries, stretching from South America to Africa and Asia, which had come together to coordinate and unify the petroleum policies of its Member Countries and help ensure the stabilization of oil markets.

"With a workforce of approximately 140 employees, we have a representation from 37 different countries. Because we value and appreciate differences, because we recognize that we can become better global citizens by learning from other cultures, because we celebrate diversity, we have succeeded in working in harmony for the past 50 years," she professed.

Ms Abdul-Hadi reminded those present that OPEC was celebrating its 50th Anniversary this year by holding many cultural events.

"I hope that you will join us in our celebrations and follow these multi-cultural activities in Vienna with us," she said.

In conclusion, she said that "when we try to visualize the future, we see that it is the culturally and linguistically diverse individuals who will be able to make enormous contributions, not only to their societies, but to the international global community as well.

"This is why we strongly believe that all your initiatives and efforts to honour the mother tongue and consequently cultural identity of the students, who are the hope for a brighter future, constitute an indispensable investment," she added.

Layla Abdul-Hadi, Head of the Human Resources Section at OPEC.

Dr Franz Schimek (l), Head of the European Office, Inspector of English, Vienna Board of Education, who spoke on behalf of the City of Vienna, which sponsored the reception following the event. The Vienna Board of Education endorsed the project through its President, Dr Susanne Brandsteidl. Schimek is seen here with Alejandro Rodriguez (r), Head, of OPEC's Finance & Human Resources Department, in Charge of the Administration and IT Department, at the OPEC Secretariat.

UNIS

UNIS

As Ms Abdul-Hadi spoke, an open exhibition, depicting 41 different cultures and 45 languages, radiated from the centre of the rotunda. It displayed diverse works of self expression from students of their mother tongue and cultural identity through a variety of art mediums, such as pottery, textiles, multimedia, and literature.

Around 300 students from 17 schools throughout Vienna participated in the week-long exhibition at the VIC with more than 110 projects.

Since the start of the project, which was launched in the city's Leopold Museum in April 2009, students aged 10–18 were invited to reflect on several key questions around their mother tongue and cultural identity, said Chadwick Williams, co-founder of the *Who I Am* NGO, a non-profit organization.

This, he said, challenged the students to transform a self-reflective experience into any medium of artistic expression, such as an original composition, art, literature, dance, film, or photography.

Four jury-selected projects formed the core of the gala evening, at which students, their parents and teachers, were brought together to celebrate 'Who they are' and take part in a cultural exchange.

Together with OPEC and the UN Information Service of Vienna (UNIS), international and local organizations, such as the City of Vienna, UNESCO, the American Embassy, the Vienna Board of Education, as well as the Vienna International School and its parent teacher association, have pledged their backing for the *Who I Am* initiative, in support of world peace.

Asked to elaborate further on the concept of the programme, Williams stressed: "We believe that in order for

countries to achieve world peace, we must first begin by educating our children to understand their cultural heritage and identity, as well as embrace their own mother tongues.

"Once re-affirmed, our children can begin to reach out and broaden their own perspectives of citizens from all communities. Then, together, we can celebrate our unique qualities and find a common ground through the art of human expression," he stated.

Williams, at the age of 35, feels he is in touch with the students of today and can make a difference through the project. An American who hails from a Colorado farming community, he has spent time teaching in Japan and Mexico but, since 2006, has taught English as a second language at the Vienna International School.

But he says his inspiration for the *Who I Am* project came after teaching in the inner city public schools of Denver, extremely poor communities where students faced many difficult issues, such as not being fluent in any language and feeling confused about their identity.

And it was through another form of communication — singing — that he came into contact with his co-founder of the *Who I Am* initiative. As a keen opera singer (tenor), he met and teamed up with Mexican soprano, Amalia Vargas, wife of the world reknowned tenor, Kammersänger Ramón Vargas, who chose Vienna, the city of music, to be his home.

Together, the *Who I Am* team hopes their individual experiences will stand them in good stead since they plan to expand the project.

"We are hoping to take the project worldwide with the goal of focusing on cities that are experiencing integration problems among youths. We also hope to have OPEC's support, so that we can continue to make a difference in young people's lives," said Williams.

Questioned about her presentation later, Ms Abdul-Hadi said she felt her address had hit home to the audience as to just how important a subject language and cultural awareness was.

"I think I succeeded in getting the message across, especially to one lady from a former East European country, who approached me later and told me that her daughter, after being brought up in Vienna, refused to speak in her native language.

"However, when she heard me wrap up my speech with an Arabic farewell (Assalamu Aalaikom wa rahmatullah wa barakatuh), she said to her mother how surprised she was that I spoke in my mother tongue. The mother rightly observed her daughter's renewed interest in her cultural identity. My message had been received."

For more information on the Who I Am initiative, see www.WhoIAmKids.org.

Maher Nasser from UNIS, seen during his presentation.

Chadwick Williams, co-founder of the 'Who I Am' NGO.

Running for a better future

OFID pledges "permanent" support for Vienna marathon

There was record participation of almost 33,000 runners from 108 different nations in the 2010 Vienna City Marathon, which started from the Reichsbrücke, near the Vienna International Centre.

The involvement of the OPEC Fund for International Development (OFID) in the annual Vienna City Marathon (VCM) is something that will remain permanent in the years ahead.

That was the message given by OFID Director-General, Suleiman Jasir Al-Herbish, at a prize-giving ceremony for participants from the Fund and the OPEC Secretariat in Vienna who entered the city's 2010 race.

In paying tribute to all those who took part in the 27th VCM, he pointed out that it was the third year that OFID had supported the event and he could promise that it would remain a permanent fixture on the Fund's calendar.

Al-Herbish likened the marathon to the overriding mission of OFID — in pursuit of its longstanding efforts to help alleviate global poverty.

OFID first became a sponsor of the VCM in 2008, when it ran under the banner of 'Running against poverty'. Last year, participants had 'Making strides together' emblazoned on their running shirts, while in 2010, the slogan read 'Running for a better future'.

As Al-Herbish has pointed out on several occasions, OFID sees its support of the marathon, now Austria's biggest sporting event, as a way of "giving something back"

to the community that has been the seat of the Fund's operations since 1976.

Vienna, in various ways, has enabled the Fund to carry out its global tasks and, in keeping with its public information efforts, OFID feels that establishing even closer relations with its host country and city are essential.

In a message that appeared on this year's VCM website, Al-Herbish said the marathon draws accomplished athletes from around the globe and winners are often from the less-endowed regions.

"The diverse themes of the annual race draw attention to the work OFID does across the world. OFID seeks to help lift people out of poverty and deprivation and to contribute to health and sporting achievement," he said

Al-Herbish added that sports have always been an instrument in implementing soft diplomacy.

"Actually, OFID staff members, who comprise individuals from some 23 different nationalities, are runners of a global marathon," he stated.

In an interview with the OPEC Bulletin before the 2008 race, Al-Herbish said another important purpose of the Fund's involvement in the marathon was to

Above: OFID decoration outside its headquarters and (inset) cheerleaders were again a feature of the 2010 VCM.

Miguel Linares

Pictured above are some of the OPEC runners (l–r): Mouhamad Moudassir, Nadir Guerer, Ziad Senussi, Mahmoud Samaan.

introduce people in Vienna and around Austria to OFID's activities.

He said OFID had been engaged in the "race against poverty" for decades, adding that it was important to focus public attention on the global problems of human development and the importance of community partnerships.

Through its involvement with the VCM over the past few years, OFID has been doing just that. Its marquee tent, located near the finishing line at Heldenplatz in Vienna's first district, where all OFID/OPEC runners, supporters — and cheerleaders — meet, is now a familiar sight to the thousands who congregate there each year.

In 2010, 125 participants from OFID/OPEC took part in the various marathon events. Two runners — Veronika Kretzer of OFID and Pantelis Christodoulides of OPEC — completed the full marathon.

There were 19 participants in the half-marathon, 27 older children (between ten and 18 years) in the 4.2 km 'Coca Cola Run' and 28 younger children (up to the age of ten) in the 'Coca Cola Kids Challenge', run over one km.

In addition, OFID/OPEC entered 12 relay teams, each comprising four runners. These had an array of names — Rising with the Sun, OPEC Bulls, OFID North African Sustainable, OFID Giants, OFID Dynamos, OPEC Bears, OPEC Pentium, OPEC Oily rags, OFID 6, OPEC Quotas, OFID 4 Team Spirit, and OFID Vision.

"The event would not have been successful without the participation of these runners, their team spirit and their enthusiasm. You have made a great event out of this," OFID marathon co-organizer, Jutta de la Barra, told the trophy winners at the presentation ceremony.

Marathon progress

The VCM was the brainchild of the former mayor of Vienna, Helmut Zilk. The first race was held in March 1984, with 794 registered finishers, 25 of whom were women. Compare that with the 2010 event, which had record participation of 32,940 runners from 108 different nations.

From an Austrian point of view, the early years of the

OPEC Fund for International Development (OFID)

Aziz Yahyai

Time to unwind ... celebrating at the OFID hospitality tent near the finishing line at Heldenplatz.

Agnes Nebehay

VCM were impressive. After the inaugural event in 1984, which was won by Antoni Niemczak of Poland in an excellent time of two hours, 12 minutes and 17 seconds, the Tyrolean long distance runner, Gerhard Hauptmann, scored a hat trick of wins between 1985 and 1987. In fact, his winning time of 2:12:22 in the 1986 race is still the Austrian marathon record today.

The winner of the 2010 men's race was Henry Sugut of Kenya with a time of 2:08:40, while mother-of four, Hellen Jemaiyo Kimutai, also of Kenya, won the women's race in 2:31:08.

This year turned out to be a special one for Africa, with Kenyans taking first place in both the men's and women's races for the first time in the VCM's history. Both Sugat and Kimutai picked up cheques for €15,000 for their winning efforts. For the men, it was the fourth year in a row that Kenyans had lifted the winner's trophy.

Kenya also holds the men's record for the VCM. That was set by Abel Kirui, who ran the route in 2:7:38, in 2008. For the women, the record is held by Maura Viceconte of Italy, who set a time of 2:23:47 in 2000.

It would be fair to say that Kenya has really made the VCM its own in recent years. Looking at the statistics, their male runners have won the race in nine out of the last 12 years. That is some feat!

And over this same period, the VCM has grown into an international spectacle for Austria and its capital.

Each year an estimated 250,000 spectators throng the streets, cheering on the runners, while another 300,000 viewers follow the live transmission on television.

The homepage of the VCM — www.vienna-marathon.com — counts more than 400,000 hits annually, and there are 2.2 million entries concerning the VCM on the internet.

Other statistics are equally as impressive. An estimated 1.8m hours of training are undertaken by prospective runners before each VCM. And the rewards for the city are high — every year it generates revenue of €15m for the city.

See you in 2011!

Staff members' children receiving their medals at the presentation ceremony at OFID's headquarters.

OPEC Fund for International Development (OFID)

OFID Director-General, Suleiman Jasir Al-Herbish (l), presenting an award to Pantelis Christodoulides, who ran the full marathon.

OFID marathon co-organizer, Jutta de la Barra (l), presenting the award to Abdullah Al-Shameri, a member of the 'OPEC Pentium' relay team.

Photographs unless otherwise credited Hussein Ayoub; photographs on pages 74–75, courtesy of Rana Wintersteiner/OFID.

This section includes highlights from the OPEC Monthly Oil Market Report (MOMR) for April 2010, published by the Petroleum Studies Department of the Secretariat, with additional graphs and tables. The publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage.

Crude oil price movements

The OPEC Reference Basket increased by $4.22/barrel in March to average $77.21/b, the highest monthly figure since the onset of the financial crisis in September 2008.

Volatility continued to decline with the Basket oscillating in the month at around $3.19/b – between $75.51/b and $78.70/b – compared with $7.28/b in February and $9.28/b in January.

"At a level of $77.21/b, the OPEC Reference Basket is almost 70 per cent higher than the same time a year ago," said the OPEC report.

The upward trend was attributed to the bullish sentiment seen in the oil market, which continued to be driven by rising positive expectations about global economic growth, as well as the recovery in the value of the euro against the US dollar as concerns over Greece's fiscal problems temporarily eased.

The Basket hit an 18-month high of $82.55/b on April 6 after six straight gains, before softening in the following days to settle at $81.97/b on April 9. The move beyond $80/b in the first week of April came as a result of further bullish sentiment in the market. However, prices eased in the following sessions with the Basket standing at $81.52/b on April 13.

However, while the OPEC Basket rose by 5.8 per cent in March, the gain among the components varied between 3.2 per cent and 7.4 per cent.

Brent-related crudes were the main beneficiaries with a rise of around seven per cent, which corresponded to the increase in Dated Brent for March, which was higher than the gain posted by American benchmark crude, West Texas Intermediate (WTI).

The surge in Brent and African Brent-related crude was significant in the first half of March, supported by stronger demand for gasoline-rich crude, which pushed the gasoline crack spread higher.

Brent-related crudes were also supported by Asian buying tenders. However, they started to weaken in the second half of the month on the back of increasing supplies and lower demand from refiners, particularly in Europe, who started to look for cheaper alternative crudes, such as North Sea grades with heavier West African grades being the most affected.

The pressure on Brent-related crudes came also from the release of some barrels from storage.

Middle Eastern crudes saw relatively smaller gains compared with Brent-related crudes, due to abundant supplies of sour crude in the market and limited demand for fuel oil. Gains oscillated between 4.7 per cent for Qatar Marine and 6.8 per cent for Basrah Light.

Middle Eastern light crude market sentiment improved in early March after Abu Dhabi deepened April supply curbs on its Murban and Umm Shaif grades, while the heavy crude market was under pressure amid ample supply, particularly after the Abu Dhabi National Oil Company (ADNOC) said it would supply more Upper Zakum crude in April than in March.

The heavy market suffered more in mid-March after fuel oil cracks fell to a near five-month low, while the light crude market was supported by gasoil cracks at a one-year high.

The heavy oil market also came under more pressure after Qatar offered nine cargoes of Al Shaheen crude for May loading, two more cargoes than in April.

The Middle Eastern light crude market strengthened in the first week of April, supported by a surge in gasoil cracks to a 14-month high, while the turnaround of many Asian-Pacific refineries kept heavier grades under pressure.

1. An average of Saharan Blend (Algeria), Girassol (Angola), Oriente (Ecuador), Iran Heavy (IR Iran), Basra Light (Iraq), Kuwait Export (Kuwait), Es Sider (SP Libyan AJ), Bonny Light (Nigeria), Qatar Marine (Qatar), Arab Light (Saudi Arabia), Murban (UAE) and Merey (Venezuela).

Latin American crudes saw the lowest gains among the Basket components, with Ecuadorean grade Oriente increasing by 3.9 per cent and Venezuela's Merey displaying the lowest increase of 3.2 per cent.

The limited rise in those crudes compared with the rest was attributed to the overhang as more supplies became available following the stoppage of refineries in Chile and Curacao. Two refineries were shut after an earthquake and aftershocks on February 27 and March 11.

The closure of the 320,000 b/d Isla refinery on Curacao in the Netherlands Antilles on March 1, due to power outage, also contributed to the overhang and put pressure on Latin American crudes.

Lower demand for heavy sour crude in the US, due to reduced refining throughput and poor coking margins, also led to the decline.

In the futures market, sentiment improved further in March, allowing the WTI front-month contract on the Nymex to hover at above $80/b for most of the month, averaging March at $81.29/b. In the first week of April, it moved to above $86/b.

The monthly average for WTI was the highest since the onset of the financial crisis in September 2008. Again, the bullishness in the market was attributed to expectations of an improving global economic recovery which was expected to result in higher demand, rather than tightness in the supply/demand balance, particularly in the OECD countries where the overhang in crude oil inventories remained high.

Expectations for higher global oil demand were reinforced by forecasts by major institutions showing demand recovering in 2010 and 2011 after a two-year decline.

However, WTI was seen rising while US crude oil stocks were building for the tenth consecutive week, to hit their highest level since June last year.

"While the gasoline price has given some support to the crude market, WTI prices continue to be influenced by the financial market, particularly the activity of speculators," said the report.

"WTI was also supported by the weakness of the US dollar against the euro to some extent, but the relationship has waned significantly with the instability of the euro, due to Greece's fiscal concerns. Also, recent comments from the US Federal Reserve that it will maintain interest rates low despite improving expectations about economic growth have also encouraged the purchase of crude oil, particularly since the futures market remains in contango," it added.

The report stated that the US oil futures market and equity markets continued to move in tandem in March, emphasizing the assertion that the oil price was not reflecting just the current supply and demand balance, but also the expectations fed by positive macroeconomic data.

"Investment in crude oil as an asset continued to drive investors to the market and continued to support the price, despite a huge overhang. For instance, the trading volume of the WTI front-month contract on the Nymex stood at more than 430,000 contracts on March 10, almost double the level a year ago. The daily trading volume dropped afterwards, but increased again to nearly 390,000 lots on April 8 after WTI surged above $86/b on April 6."

Similarly, the trading volume of ICE Brent contracts moved to almost 513,000 contracts on April 5, compared with less than 300,000 contracts a year earlier, which implied an increase of more than 70 per cent.

"It is worth recalling that a record of 713,496 contracts of trading volume of ICE Brent was hit on February 5," the report said.

The bullish sentiment also helped ICE Brent to increase, which even outpaced WTI. The North Sea benchmark crude averaged $79.93/b in March, an increase of $5.14/b, or 6.9 per cent, compared with the $4.84/b and 6.3 per cent rise recorded for Nymex WTI.

Commodity markets

Looking at trends in selected commodity markets, the OPEC report said the IMF commodity price index experienced a recovery of four per cent month-on-month in March, with most of the gains being accrued to industrial metals and crude oil markets.

In contrast, agriculture prices declined by 1.5 per cent in March for the second consecutive month, according to the World Bank.

Commodity prices have been strongly driven by the mixed inflow of macroeconomic data, concerns on sovereign risks in Europe and an appreciation of the US dollar.

"While the gasoline price has given some support to the crude market, WTI prices continue to be influenced by the financial market ..."

Following an announcement by the European Community of a debt saving plan for Greece, some commodities recovered, but the possibility of further monetary tightening in China continued to represent a risk for commodities.

The IMF energy price commodity index (crude oil, natural gas and coal) rose by 4.9 per cent m-o-m in March, sustained by a six per cent rise in crude oil prices in a very volatile market.

Despite the higher WTI, the Henry Hub gas spot price plummeted by 19.3 per cent m-o-m in March, due to flat demand. The early end of the gas withdrawal season, amid milder spring temperatures, saw demand soften. Average stocks at the end of March were well above the five-year average.

The IMF non-fuel commodity price (food, beverages and industrial inputs) gained 2.4 per cent m-o-m, mostly on an increase in cotton and rubber prices, owing to supply shortfalls.

Following a bearish trend in industrial metals over January and February, prices surged by 7.1 per cent in March, resuming an upward trend on the back of improving demand and supply conditions, both outside and inside China, falling inventories, and some positive macroeconomic news.

"Nevertheless, important uncertainties remain about the sustainability of the global economic recovery after the reduction of the fiscal stimulus and, in particular, the possibility of a tightening of monetary policy in China. It seems that price trends for industrial metals will remain influenced by macro-trends and economic policy decisions, as well as fundamentals," commented the OPEC report.

Nickel prices surged by 17.9 per cent m-o-m in March (130 per cent higher than at the same time last year), while copper prices increased by 8.7 per cent, reaching $8,000/ton.

"Uncertainties remain about the sustainability of the global economic recovery ... and the possibility of a tightening of monetary policy in China."

The price of aluminium recovered in March after two consecutive monthly falls, rising by 7.7 per cent m-o-m, while gold improved by 1.6 per cent, also after a downward trend in the previous two months.

Highlights of the world economy

In looking at developments in the global economy, the OPEC report said the US economy continued to show relative strength, supported and driven by the ongoing stimulus measures.

It noted that the unemployment situation in the country had improved slightly – remaining at 9.7 per cent for the second consecutive month – although it was still too early to say if it represented a turnaround.

There were over 158,000 bankruptcy filings in the personal sector in the US in March, which represented almost 7,000/day. "That is a 35 per cent surge over February and up by 19 per cent from last year's already elevated levels.

"With US bankruptcy laws tightened in October 2005, personal bankruptcies have been much lower in this new era of stricter, more punitive provisions, but that seems to have changed again due to the financial distress many households are in. This could also demonstrate that less people are willing to try to save their homes, as they realize that mortgage payments are not affordable any more," observed the report

It said that after showing a positive trend in January, when it increased by $10.5 billion, consumer credit declined by $11.5bn in February. "This might erode some of the support for March retail sales numbers."

The US housing sector was again on the negative side in February with sales of new homes unexpectedly declining by 2.2 per cent m-o-m to a record low as blizzards, unemployment and foreclosures depressed the market. Existing home sales fell by 0.6 per cent in the same month. This came after a decline of 7.2 per cent in January and a record decline in December of 16.2 per cent.

A positive signal was the turnaround in pending home sales. After only a minor increase in January of 0.8 per cent and a level of minus 7.6 per cent in February, the sales level recovered to 8.2 per cent in March.

"So, while consumption remains weak and the housing sector is still fragile, businesses themselves have become more bullish about the current prospects," said the report.

It noted that the services sector that was responsible for more than 70 per cent of US GDP had improved again. The services-ISM figure stood at 55.4 for March, after recording 53 in February.

"Moreover, ISM manufacturing, which started to weaken in February, has increased again and is now surpassing the January level to stand at 59.6, which is the highest level since the recession started two years ago.

"This could be a positive signal for a further expanding economy, but while many of the components are up, the prime reason for the increase is the eight-point surge in the inventory component, so it remains to be seen if this trend can be continued."

The report said that with economic developments in the US still being mixed a cautious approach towards the remainder of the year was necessary.

"There is still no clear indication that consumption is improving substantially, or that the ailing housing sector has turned around completely. A further challenge in this respect might be the public debt situation and the limitation of available government funds in the case this recovery does not continue at the current strength," said the report.

It said that, taking the still positive momentum into consideration, the GDP forecast for the US in 2010 was increased slightly from 2.4 per cent to 2.6 per cent.

In Japan, the report said the main pillar of the country's recovery – exports – was faltering.

Exports declined for the first time in a year in February, adding to concerns about the strength of external demand, which was the main driver of the country's economic recovery, aside from the government-led stimulus that was responsible for supporting domestic demand.

In February, Japan's seasonally adjusted exports fell by 1.7 per cent from a month earlier. It was the first drop in 12 months and came after growth of 9.1 per cent in January.

Japanese industrial production also suffered in February, recording its first decline over the last 12 months. Factory output fell by a seasonally adjusted 0.9 per cent m-o-m, while on a yearly basis, February production was up by 31.3 per cent.

According to a Ministry of Economy, Trade and Industry (METI) survey, companies continued to expand their output and planned to increase production by 1.4 per cent in March over a month earlier.

Retail sales figures for February added to the positive momentum, showing the largest monthly gain in 13 years. They increased by 4.2 per cent year-on-year in the month, continuing the already positive trend that started in January, when retail sales were up by 2.3 per cent y-o-y.

Japan's unemployment was seen to be stabilizing and remained at a ten-month low of 4.9 per cent in February.

Another line of support for the Japanese economy came from the release of the Tankan survey, which indicated that conditions were improving.

The Tankan index, which measures the number of companies saying conditions are favourable, minus those saying they are unfavourable, rose from minus 25 in December 2009 to minus 14 in March for large manufacturers.

"This important and closely-watched survey showed that non-manufacturers were more optimistic as well. The index for large non-manufacturers rose from minus 21 to minus 14 over the same period," said the report.

In general, the Tankan survey indicated a steady recovery, but one that was still dependent on large exporting companies. According to the survey, both large manufacturers and non-manufacturers expected the latest improvements to continue into the next quarter. Manufacturers forecast that the index would improve to minus 8 in June, while the forecast from non-manufacturers improved to minus 10.

"Small companies said conditions were improving for their business as well, but as they are probably not able to benefit much from exports, they remained much more pessimistic than the bigger firms," commented the OPEC report.

The index for small manufacturers rose from minus 41 to minus 30. Large manufacturers estimated that their profits would rebound by 49.3 per cent, while non-manufacturers expected a 7.1 per cent rise.

The Bank of Japan, which kept its monetary policy unchanged, said the chances of a double-dip recession had faded considerably and that while deflation had continued, there was a moderating trend in the pace of decline.

It also announced that core consumer prices, excluding food and energy, fell by 1.1 per cent y-o-y in February, compared with minus 1.3 per cent y-o-y in January.

"Taking these improvements into consideration, while at the same time remaining cautious about the continuation of these developments in the second half of the year, the GDP growth forecast for Japan in 2010 was raised to 1.5 per cent from 1.3 per cent previously," said the OPEC report.

It noted that the main challenge of the Euro-zone remained the debt situation of some of its member countries, mainly Greece, followed by Portugal.

"The pressure on the Euro-zone increased after Portugal's credit rating was cut by Fitch, one of the big rating agencies. Further on, the European Commission warned the Euro-zone's four largest countries – Germany, France, Italy and Spain – that their economic growth forecasts for the next three years were too optimistic, putting at risk their ability to cut budget deficits."

In the meantime, Euro-zone members agreed on further support, in making a commitment to provide up to €30bn in loans to Greece over the next year to try and ease the current debt crisis that had posed the most serious challenge to the euro in its short history.

The report said that in addition to worries over the financial markets, the real economy seemed to be improving only slowly and without a clear sign of a strong rebound.

Retail trade in the Euro-zone declined in February by 0.6 per cent m-o-m, after a loss in January of 0.2 per cent.

"This might be the consequence of a still increasing unemployment level that stood at ten per cent in February, compared with 9.9 per cent in January, a level that was maintained for three months."

Germany was gauged as the most successful of the bigger Euro-zone economies in fighting unemployment with a level of 7.5 per cent for the sixth consecutive month, slightly lower than the highest post-crisis level in August 2009 of 7.6 per cent.

This was in stark contrast to Spain, which faced an increase of 0.1 per cent to 19 per cent, almost twice the average of the total Euro-zone figure.

Industrial new orders – a lead indicator for future industrial production – declined by two per cent m-o-m in January, which was in contrast to a 0.8 per cent increase in December 2009.

Germany recorded a 4.7 per cent m-o-m increase in new orders, while France posted a figure of minus 10.8 per cent, following a 15.7 per cent increase the month before.

Inflation in the Euro zone seemed to be back to year-ago levels as it increased by 1.5 per cent y-o-y in March.

"The EC warned the Euro-zone's four largest countries — Germany, France, Italy and Spain — that their growth forecasts for the next three years were too optimistic."

The OPEC report said that while a major positive momentum for Euro-zone domestic demand could not be seen currently, its major export markets were improving, which should at least have an effect on the first half of 2010. The 2010 growth forecast was consequently increased by 0.1 per cent to 0.7 per cent.

Looking at China, it said the country's consumer prices rose by 2.7 per cent in February over a year earlier, which was near the government's official ceiling of three per cent inflation for the year.

Lending by Chinese banks fell by 43 per cent in the first quarter of the year from a year earlier as the government wound down its stimulus and tried to cool a credit boom, while keeping its recovery on track, central bank data showed.

Banks lent 2.6 trillion yuan ($380.7bn) in the January-March quarter, the People's Bank of China said on its website. That compared with 4.6tn yuan ($670.6bn) in loans in the first quarter of 2009 as banks ramped up loans for construction and other projects as part of a 4 trillion yuan ($586bn) stimulus.

"The figures indicated the central bank's efforts to prevent runaway lending and restore financial discipline in China's state-owned banking industry might finally be taking hold,

lessening the need to raise interest rates to curb inflation," said the report.

Meanwhile for India, the report said the Asian Development Bank had predicted that the country's economy would grow by of 8.2 per cent in 2010, although rising price pressures presented a challenge to policymakers as they steered the economy's recovery.

Expansionary fiscal and monetary policies were now being wound back gradually as the rebound gained traction.

"While trade flows have yet to return to pre-crisis levels, rising private consumption and investment are likely to underpin growth over the next two years."

India posted double-digit industrial growth for a sixth straight month in February, adding to pressure on the central bank to further hike interest rates to tame inflation.

The Reserve Bank lifted its benchmark short-term lending rates by 25 basis points in February and analysts predict a similar move at the end of April.

"Given the slow world economic recovery, world oil demand growth was forecast at 900,000 b/d, or 1.1 per cent, in 2010."

Indian consumer goods' output, which was particularly hit by the global crisis, was a key driver of industrial growth in February, expanding by 29.9 per cent. Production of capital goods, such as machinery, rose by 44.4 per cent.

Looking at the Middle East, the report said that according to recent data, non-oil exports from Saudi Arabia had been trending upward in recent months, mainly since April 2009, following a severe drop in late 2008.

"This uptrend reflects both volume and price increases. Petrochemicals and plastics, which were 52 per cent of gross exports in 2009, have seen strong foreign demand, especially towards year-end."

It said exports of these products grew by 16.2 per cent in the fourth quarter of 2009 and were ten per cent higher y-o-y.

World oil demand

In its review of the oil market, the OPEC report pointed out that the world economic pulse was the variable that would determine the fate of global oil demand this year.

"Economic activities in the US are playing the wild card for world oil demand growth. Some minor improvements are seen in US oil demand, resulting from better economic activities, a low base in oil demand from last year, cold weather and gasoline consumption.

"However, it is still too early to draw a complete conclusion about the fate of the country's oil demand. The second quarter represents a seasonal low as far as oil consumption is concerned; however, the third quarter includes the summer driving season which has a large impact on gasoline demand. Should these two quarters not meet expectations in both industrial and transport fuels, then total world oil demand will slide from the current growth level," it said.

It noted that the world auto industry was still highly dependent on government stimulus plans. Almost all the new auto sales growth seen in the fourth quarter of last year was attributed to government incentive programmes.

"The question is how long will governments be able to afford supporting the auto industry? Public debt is already piling up and the injection that happened last year might be at risk this year. This applies not only to the auto industry, but to almost all economic sectors," observed the report.

It pointed out that all the expected growth in oil demand this year was happening in the non-OECD region, led by Asia. "Furthermore, most of the growth will result from transport and petrochemical activities worldwide."

Given the slow world economic recovery, world oil demand growth was forecast at 900,000 b/d, or 1.1 per cent, in 2010. In 2009, the worst year in the industry for oil demand since the 1980s, and as a result of a 1.9m b/d decline in OECD demand, total world oil demand slumped by 1.4m b/d y-o-y to average 84.4m b/d.

Demand for OPEC crude in 2010 was projected to average 28.8m b/d, down by 100,000 b/d from the previous year and two consecutive annual declines, and following a downward revision of 135,000 b/d from the previous assessment.

"The first half of 2010 still shows a drop of 300,000 b/d, while the second half is estimated to see positive growth of around 300,000 b/d in the third quarter and 200,000 b/d in the fourth quarter, indicating a gradual recovery," said the report.

It observed that, for many years, the OECD region had been the main contributor to world oil demand growth. But the picture had changed since 2006 as the emerging economies became the sole contributor to world oil demand. During the peak of the world financial crisis in 2009, OECD oil demand declined by almost 2m b/d. OECD oil demand was forecast to bounce back; however, it would remain in the red by more than 100,000 b/d in 2010.

Economic activities and retail oil product prices would be the main factors that determined total US oil demand this year, said the report. Already some economic indicators were showing improvement. However, the total economy was still in shock.

"Gasoline usage is an important product that will be vital to total oil use. Gasoline is very sensitive to retail prices and any strength in oil prices will affect gasoline and diesel demand in the summer driving season," maintained the report.

It noted that the US Energy Information Administration, in its latest report, had said the price of a gallon of gasoline had increased by 79¢ from a year ago. Early April data showed a continuation of March gasoline consumption growth of 1.4 per cent y-o-y, which had not been seen since last September.

The petrochemical sector boosted demand for certain products to put total US oil demand up by 400,000 b/d.

"Given the fact that last year represents a low oil demand base, it is early to use March and April data as an indication for the rest of the year."

The issue of raising the US Corporate Average Fuel Economy (CAFE) standard was back. The government was requesting to increase average miles per gallon to 35.5 in the next six years. That was an increase of roughly 40 per cent. This would of course affect the gasoline demand in the medium term.

Looking at selected countries, the report said Mexican oil demand inched up by 50,000 b/d y-o-y in February, while, for the third month in a row, Canadian oil demand showed growth – by 4.1 per cent y-o-y.

North American oil demand was expected to expand by 300,000 b/d in 2010 y-o-y to average 23.6m b/d, with most increases taking place during the second half of 2010.

The report said that although the European economy had moved out of the red, the continent's oil demand was continuing to contract.

"The liquid energy consumption of the 'Big Four' nations was on a steep decline long before the recent financial crisis," it said.

January data indicated an 11.8 per cent decline in total oil usage y-o-y. Almost all products showed a loss, led by the transport and industrial sectors.

"As for total OECD Europe, the total decline exceeded 1.2m b/d. Less usage of liquid fuel is expected to continue in the near future; however for the long run, there is no expectation for Europe to increase its need for oil."

As a result of low energy consumption, OECD Europe oil demand was revised down by more than 200,000 b/d for each of the first and second quarters of 2010. OECD Europe oil demand was forecast to decline by 300,000 b/d in 2010 y-o-y to average 14.2m b/d.

The report noted that although European oil demand was being affected by the current economic downturn, other variables were pushing demand down as well.

"Europe is intent on increasing renewables and being more efficient. Governments are embarking on suppressing transport fuel consumption via tax increases. In April, the United Kingdom started its new tax increase on transport fuel, which will be carried out in three phases. Furthermore, the continent is planning on using more nuclear power in the long-term," it observed.

Turning to Japan, it said the country's oil demand had scored substantial growth, following five months of continuous decline.

The sudden increase was mostly due to the low base in February 2009 and higher demand in the petrochemical industry. Another factor that affected the country's demand was the cold winter. Demand for kerosene, used for heating, increased by 15.4 per cent y-o-y.

The report said Japan's oil demand was not anticipated to increase this year, although it was projected to reduce its decline by half compared with last year.

It said South Korean oil demand had been in a growing mode since May last year. The country's economy had managed to circumvent the world recession and was estimated to grow by four per cent this year. Hence, the country's oil demand was slated to grow by 1.5 per cent in 2010.

OECD Pacific oil demand was forecast to decline by 100,000 b/d in 2010 to average 7.6m b/d.

The report said that in Taiwan, oil demand grew strongly in January, adding another 153,000 b/d to the oil usage pool. Due to the alternative means of transportation across the country, gasoline demand declined slightly. However, the rest of the transport fuel products showed a massive increase. Demand for both diesel and jet fuel expanded sharply.

"The country is planning to increase the biodiesel blend to two per cent this year. However, this move will not make a dent in the country's diesel demand."

The report said that following a decline in Indian oil use in January, February data showed a better performance, but nothing compared with last year's growth. February oil demand growth was mostly attributed to the transport fuel sector. Gasoline and diesel demand pushed Indian total oil demand up by one per cent in February.

"Industrial oil use has not yet picked up this year. Industrial product usage plunged by a high percentage, reflecting slower industrial production so far this year. Although the country's forecast GDP is on the high side at seven per cent, oil demand has not yet followed suit."

India's oil demand was forecast to grow by 135,000 b/d in 2010 with the industrial, transport, and agricultural sectors contributing the most. India's auto sales increased sharply by 33 per cent in February y-o-y, adding around 154,000 vehicles to the streets of the country. "Strong vehicle sales have already had an effect on transport fuel."

"Developing Countries' oil demand was forecast to grow by 600,000 b/d in 2010 to average 26.5m b/d."

In the rest of Other Asia, oil demand was seen in a healthy condition. Economic growth was expected to hike in several Asian countries, causing the continent's oil demand to grow further this year.

Given the optimistic picture in Other Asia, the region's oil demand growth for 2010 was forecast to exceed 220,000 b/d y-o-y.

Economic activity in the Middle East, along with subsidized transport fuel, was supporting oil demand in the region. Oil demand was estimated to increase by another 230,000 b/d this year. Most of the demand would be concentrated on petrochemicals and transport fuel.

Latin America's oil demand was expected to show healthy growth in 2010, led by Brazilian oil needs. The region was anticipated to see its oil demand increase by 123,000 b/d this year.

Developing Countries' oil demand was forecast to grow by 600,000 b/d in 2010 to average 26.5m b/d.

Looking at China, the report said the

country's economy was demanding more energy, as had been the case for the past few years.

"However, there is a downward risk as the country comes under pressure to appreciate its currency, which, in turn, would affect its economic growth."

It said China's oil demand reacted strongly to the government stimulus plans, which aimed at positive refinery margins. February data indicated a strong hike in the country's apparent demand exceeding 1m b/d; nevertheless, the entire apparent demand did not end up being consumed, as some went into storage.

"Preliminary figures indicate that global oil supply decreased by 109,000 b/d in March to average 85.65m b/d, compared with the previous month."

As expected, most of the growth in oil consumption was in the transport and industrial sectors. All products experienced growth, except fuel oil, which declined as a result of fuel substitution.

China's apparent oil demand in 2010 was expected to rise by 4.7 per cent, exceeding last year's growth by 160,000 b/d. The country's plans to continue the development of rural areas would call for more oil demand this year.

The report noted that China's refining capacity increased by 1m b/d last year and was expected to rise by another 500,000 b/d in 2010. As a result, refinery throughput increased in February by 24 per cent, leading to strong growth in the country's oil imports, which stood at 4.8m b/d in the month, 58 per cent more than in the same period last year.

As for the Former Soviet Union (FSU), the report said the region had seen its declining oil demand usage of 2009 rebounding this year. FSU oil demand expanded by 24,000 b/d in February y-o-y and oil demand growth for the entire year was forecast to be positive at 33,000 b/d.

World oil supply

Preliminary figures indicate that global oil supply decreased by 109,000 b/d in March to average 85.65m b/d, compared with the previous month.

The drop was due to declines of 81,000 b/d in non-OPEC supply, as well as 28,000 b/d in OPEC crude production.

The share of OPEC crude oil in global production was steady at 34.2 per cent in March. The estimate was based on preliminary data from non-OPEC supply, while estimates for OPEC NGLs and OPEC production were derived from secondary sources.

Meanwhile, the OPEC report stated that non-OPEC supply was expected to average 51.53m b/d in 2010, representing an increase of 500,000 b/d over 2009 and an upward revision of 100,000 b/d from the previous month.

In 2009, non-OPEC supply averaged 51.03m b/d, showing growth of 630,000 b/d over the previous year. This growth was the highest since 2004.

North America's oil supply growth, which supported the non-OPEC expansion in 2009, was the highest so far this decade. Additionally, growth from the FSU and Latin America remained the key contributors to non-OPEC supply growth last year.

In contrast, OECD Western Europe continued its declining trend in 2009. On a quarterly basis, non-OPEC supply in 2009 stood at 50.98m b/d, 50.69m b/d, 50.90m b/d and 51.55m b/d, respectively.

The upward revisions for non-OPEC supply in 2010 were concentrated in the first half of the year, with the first quarter encountering the biggest revision. The third quarter also encountered a minor upward revision, while the fourth quarter experienced the only downward revision.

Developing Countries experienced the largest annual upward revision, followed by China and the OECD region, while the FSU encountered a minor downward revision, compared with the previous month.

"The main reason for the upward revisions to the supply profiles of many countries was the healthy levels of production witnessed in the first quarter," said the report.

On a quarterly basis, non-OPEC supply in 2010 was expected to average 51.74m b/d, 51.42m b/d, 51.24m b/d and 51.71m b/d, respectively.

Total OECD oil supply was seen to drop by 150,000 b/d in 2010 to average 19.39m b/d, representing an upward revision of 30,000 b/d from the previous report.

The main support for growth was seen coming from the US. The upward revision came mainly from North America supply updates as OECD Western Europe supply encountered a minor upward revision and the OECD Pacific remained relatively steady.

Compared with the previous month, supply forecasts from the US, Mexico, Denmark and Australia saw upward revisions, with the US experiencing the largest, while supply predictions for Canada, the UK and New Zealand experienced minor downward revisions.

"The upward revisions to individual countries' supply profiles more than offset the downward revisions," explained the report.

Compared with the previous month's evaluations, the first quarter supply forecast saw the highest upward revision, followed by the second quarter, while the third quarter encountered the smallest upward revision and the fourth quarter was revised down.

On a quarterly basis, OECD oil supply in 2010 was expected to average 19.61m b/d, 19.39m b/d, 19.14m b/d and 19.43m b/d, respectively. According to preliminary data, total OECD actual supply in February stood at 19.64m b/d.

North America's oil supply was forecast to grow by 90,000 b/d over 2009 to average 14.28m b/d in 2010, indicating an upward revision of 20,000 b/d from the previous month.

Expected supply growth for the US and Canada was seen as more than offsetting the anticipated decline in Mexico.

On a quarterly basis, North America's oil

supply in 2010 was seen to stand at 14.32m b/d, 14.32m b/d, 14.19m b/d and 14.28m b/d, respectively.

US oil supply in 2010 was projected to increase by 160,000 b/d to average 8.23m b/d, representing an upward revision of 20,000 b/d from the previous report.

Revisions were concentrated in the first quarter as preliminary actual production data required the upward revision. Additionally, the start-up of the Perdido developments in the deep water of the Gulf of Mexico further supported the revision.

On a quarterly basis, US oil supply in 2010 was expected to average 8.25m b/d, 8.20m b/d, 8.20m b/d and 8.27m b/d, respectively. According to preliminary data, US oil supply in February was estimated to have averaged 8.26m b/d, while the March figure was put at 8.32m b/d.

Oil supply in Canada was expected to grow by 40,000 b/d to average 3.19m b/d in 2010, representing a minor downward revision of 10,000 b/d from the previous month.

On a quarterly basis, Canada's oil supply in 2010 was seen to average 3.08m b/d, 3.22m b/d, 3.19m b/d and 3.25m b/d, respectively.

Mexico's oil supply was anticipated to fall by 120,000 b/d over 2009 to average 2.86m b/d in 2010, representing a minor upward revision of 10,000 b/d compared with the previous month.

On a quarterly basis, Mexico's oil supply in 2010 was slated to average 2.99m b/d, 2.90m b/d, 2.80m b/d and 2.77m b/d, respectively.

Total OECD Western Europe supply was estimated to average 4.46m b/d in 2010, representing a decline of 250,000 b/d over 2009 and a minor upward revision of less than 10,000 b/d over the previous month.

The revisions came mainly in the first quarter to adjust for preliminary production data. The minor upward revision came from Denmark, while UK supply experienced a minor downward revision.

The report stated that the OECD Western Europe's anticipated decline remained the largest among all non-OPEC regions, dragging down the OECD supply forecast.

On a quarterly basis, OECD Western Europe supply in 2010 was seen to average 4.66m b/d, 4.43m b/d, 4.28m b/d and 4.46m b/d, respectively. Preliminary February estimates suggest supply of 4.67m b/d, slightly lower than in January.

Norway's oil supply was foreseen to decline by 130,000 b/d over 2009 to average 2.22m b/d in 2010, unchanged from the previous month.

"The current anticipated decline marks Norway's supply with the largest decrease among all non-OPEC countries in 2010," observed the report.

On a quarterly basis, Norway's oil supply in 2010 was seen to average 2.33m b/d, 2.20m b/d, 2.10m b/d and 2.25m b/d, respectively. The country's oil supply in February, according to preliminary estimates, stood at 2.33m b/d.

The UK's oil supply was predicted to average 1.38m b/d in 2010, a decline of 100,000 b/d over 2009, and indicating a minor downward revision of less than 10,000 b/d, compared with recent months.

On a quarterly basis, UK oil supply in 2010 was expected to stand at 1.45m b/d, 1.38m b/d, 1.33m b/d and 1.37m b/d, respectively.

Denmark's oil supply was slated to average 250,000 b/d in 2010 as it encountered an upward revision of 10,000 b/d.

Oil supply from the OECD Asia Pacific region was expected to experience slight growth of 20,000 b/d over 2009 to average 660,000 b/d in 2010, relatively flat from the previous month.

On a quarterly basis, OECD Pacific oil supply this year was expected to average 630,000 b/d, 640,000 b/d, 670,000 b/d and 680,000 b/d, respectively.

Australia's oil supply was seen to average 550,000 b/d in 2010, indicating a minor upward revision of less than 10,000 b/d, compared with the previous month.

On a quarterly basis, Australia's oil supply this year was anticipated to average 530,000 b/d, 540,000 b/d, 570,000 b/d and 580,000 b/d, respectively.

New Zealand's oil supply was expected to remain relatively flat over 2009 to average 100,000 b/d in 2010, indicating a downward revision of 10,000 b/d, compared with the previous month.

Total supply in the group of Developing Countries was forecast to increase by 260,000 b/d over 2009 to average 12.83m b/d in 2010, indicating an upward revision of 60,000 b/d from the previous month.

The upward revision came mainly from Other Asia and Latin America, while Africa supply encountered a downward revision. The revision came mainly in the first quarter, while the rest of the quarters experienced smaller upward revisions.

"Latin America remains the region with the highest projected growth among all non-OPEC regions, even in terms of an upward revision of 40,000 b/d ..."

"Latin America remains the region with the highest projected growth among all non-OPEC regions, even in terms of an upward revision of 40,000 b/d, compared with the previous month," commented the report.

On a quarterly basis, the group's total oil supply in 2010 was estimated to stand at 12.79m b/d, 12.75m b/d, 12.84m b/d and 12.92m b/d, respectively.

Other Asia's oil supply is slated to increase by 30,000 b/d to average 3.75m b/d in 2010, indicating an upward revision of 30,000 b/d, compared with the previous month.

On a quarterly basis, Other Asia's oil supply was expected to stand at 3.79m b/d, 3.74m b/d, 3.72m b/d and 3.75m b/d, respectively.

Latin America's oil supply was forecast to increase by 250,000 b/d to average 4.66m b/d in 2010, indicating an upward revision of 40,000 b/d from the previous month.

Argentina's oil supply forecast experienced an upward revision of 10,000 b/d, due to healthy production figures during the first two months as per preliminary data. However, the country's oil supply was still expected to

decline by 20,000 b/d over 2009 to average 740,000 b/d in 2010.

"Brazil's oil supply growth forecast remains the highest among all non-OPEC countries at 190,000 b/d and is set to average 2.70m b/d in 2010."

Colombia's oil supply was expected to grow by 90,000 b/d to average 770,000 b/d in 2010, with an upward revision of 10,000 b/d, compared with the previous month.

On a quarterly basis, Latin America's oil supply in 2010 was seen to stand at 4.57m b/d, 4.60m b/d, 4.67m b/d and 4.78m b/d, respectively.

The Middle East's oil supply was estimated to increase by a minor 10,000 b/d over 2009 to average 1.73m b/d in 2010, representing an upward revision of 10,000 b/d over the previous month.

Total OPEC crude oil production in March averaged 29.26m b/d, a decline of 28,000 b/d from the previous month, according to secondary sources.

The upward adjustment came from Oman as the country's supply forecast experienced an upward revision of 10,000 b/d from the previous month. Oman's oil supply was expected to average 860,000 b/d in 2010, representing growth of 50,000 b/d over the previous year.

Other countries' supply forecasts remained unchanged from the previous report, with both Syria and Yemen supply anticipated to decline in 2010.

On a quarterly basis, the Middle East's oil supply in 2010 was expected to average 1.75m b/d, 1.74m b/d, 1.73m b/d and 1.72m b/d, respectively.

Africa's oil supply was seen to decline by 20,000 b/d to average 2.69m b/d in 2010, indicating a minor downward revision of 20,000 b/d from the previous month.

The downward revision came on the back of adjustments to updated production data from Chad, Congo, Egypt, Equatorial Guinea and South Africa. The revisions were mainly in the first quarter.

The FSU's oil supply in 2010 was projected to increase by 250,000 b/d over the previous year to average 13.17m b/d in 2010, indicating a minor downward revision of 10,000 b/d from the previous month.

The downward revision came from Azerbaijan, while Russia's oil supply experienced a minor upward revision.

"The healthy ramp-up of new developments, as well as increased activities in mature areas, supported the growth. The increase in FSU supply remains the highest regional growth among all non-OPEC regions, supported by Russia, Kazakhstan and Azerbaijan," said the report.

On a quarterly basis, total oil supply in the FSU was expected to stand at 13.14m b/d, 13.14m b/d, 13.13m b/d and 13.25m b/d, respectively.

Other Europe's oil supply was forecast to decline by 20,000 b/d over 2009 to average 120,000 b/d in 2010.

Russia's oil supply was expected to grow by 90,000 b/d over 2009 to average 10.01m b/d in 2010, representing an upward revision of 20,000 b/d from recent evaluations.

Russia's oil production reached a new post-Soviet record in March, following strong production levels in January and February.

On a quarterly basis, Russia's oil supply in 2010 was anticipated to average 10.09m b/d, 10.03m b/d, 9.99m b/d and 9.95m b/d, respectively. Preliminary data indicated that Russia's oil supply in March stood at 10.13m b/d, higher than in the previous month.

Kazakhstan's oil supply was predicted to increase by 70,000 b/d to average 1.61m b/d in 2010, unchanged from the previous month.

On a quarterly basis, Kazakhstan's oil supply this year was seen to stand at 1.61m b/d, 1.60m b/d, 1.57m b/d, and 1.65m b/d, respectively.

Oil supply from Azerbaijan was anticipated to increase by 60,000 b/d to average 1.08m b/d in 2010, representing a downward revision of around 40,000 b/d from the previous month.

On a quarterly basis, Azerbaijan's oil supply this year was estimated to average 1.00m b/d, 1.05m b/d, 1.10m b/d and 1.16m b/d, respectively.

China's oil supply in 2010 was estimated to average 3.93m b/d, an increase of 80,000 b/d over the previous year and an upward revision of 40,000 b/d from the previous month.

On a quarterly basis, China's oil supply this year was foreseen to average 3.99m b/d, 3.93m b/d, 3.92m b/d and 3.90m b/d, respectively.

OPEC oil production

Total OPEC crude oil production in March averaged 29.26m b/d, representing a decline of 28,000 b/d from the previous month, according to secondary sources.

OPEC production not including Iraq stood at 26.82m b/d, up by 83,000 b/d from the previous month. The minor drop in production came mainly from Iraq.

OPEC's output of natural gas liquids (NGLs) and non-conventional oils was expected to increase by 520,000 b/d in 2010 over the previous year to average 4.87m b/d.

In 2009, the Organization's production of NGLs and con-conventional oils averaged 4.35m b/d, representing growth of 210,000 b/d over the previous year.

Downstream activity

Looking downstream, the OPEC report said the combination of a prolonged winter with refinery maintenance and the continuation of discretionary run cuts by refiners had provided support for product markets and refining margins across the board.

"With the completion of major maintenance in the Atlantic basin by May, as well as the lack of robust demand for major products, product market sentiment is not expected to strengthen further in the future to encourage refiners to

change their current low run strategy. This situation would not be able to provide sufficient support for crude market fundamentals in the next months," it maintained.

US refining margins extended their previous upward trend with WTI crude on the US Gulf Coast rising by 84¢ to reach $6.02/b in March, compared with $5.18/b the previous month.

In Europe, refining economics also improved compared with recent months with margins for Brent crude in Rotterdam increasing by 42¢ to reach $3.27/b in March from $2.75/b in February.

In Asia, refining margins gained more ground than in the Atlantic Basin, with Dubai crude losing its earlier strength, while differentials versus other benchmark crudes widened further in March.

The improving distillate crack spread also contributed to the positive developments in Asian refining economics. Refining margins for Dubai crude oil in Singapore soared by $2.38/b to $3.73/b in March from $1.35/b the previous month.

"Looking ahead, despite the mixed perception for demand for different products in the next months, improving economic activity is likely to provide some support for product demand and prices in the future.

"But due to ample spare refinery capacity, refining margins are not likely to see significant gains to encourage refiners to boost their runs to lend enough support to the crude market," contended the report.

It noted that ample product stocks and the slow recovery of demand had adversely affected refinery operations across the world, especially in the Atlantic Basin over the last couple of months.

Refiners in the major consuming areas had not followed their typical trend and cut runs in the same period.

"However, a continuation of cold weather and slow refinery runs have recently increased the product stock-draw, especially for middle distillates, providing support for the light and middle distillate crack spread and encouraging refiners, especially in the US, to increase their throughputs slightly," the report said.

Completion of the maintenance schedule in some refineries in the US and Europe had also contributed to positive developments on refinery throughputs in the Atlantic Basin.

Refinery utilization rates in the US rose by 1.4 per cent to reach 81.9 per cent in March from 80.5 per cent in February. But rates were still much lower than the typical level.

The continuation of maintenance also capped any significant upward movement in European refinery utilization rates, which increased marginally by 0.3 per cent to 81.3 per cent in March from 81 per cent the previous month.

In Asia, the maintenance schedule had started and was likely to negatively affect Asian refinery runs in the next three months.

Refinery utilization rates in Japan fell by 3.1 per cent in March to 83 per cent, compared with 86.3 per cent the previous month.

"Looking ahead, supportive developments in the economy may lead to higher demand for products and boost refinery runs, but demand for light products is not expected to increase significantly in the coming months to boost refinery utilization rates," said the report.

Oil trade

According to preliminary data, US crude oil imports averaged 8.84m b/d in March, 25,000 b/d higher than in the previous month.

On a y-o-y basis, March data showed a decline of 6.3 per cent, or 600,000 b/d. For the last three months, US crude oil imports showed a constant rising trend after the sharp decline in December.

However, US product imports continued to decline in March – by 13.7 per cent, or 371,000 b/d – compared with the previous month to average 2.34m b/d. They also showed a decline of 23 per cent, or 690,000 b/d, from a year ago.

US oil product exports fell slightly in March, compared with the previous month, averaging 1.66m b/d, which represented a 0.7 per cent decline.

On an annual basis, US product exports were 9.6 per cent, or 176,000 b/d, lower.

As a result, US net oil imports in March were 3.4 per cent, or 330,000 b/d, down from the previous month to average 9.49m b/d.

"This was the result of an increase of 30,000 b/d in net crude oil imports and a decline of 360,000 b/d in net product imports, both compared with the previous month."

According to preliminary data, US crude oil imports averaged 8.84m b/d in March, 25,000 b/d higher than in the previous month.

March net oil imports were 10.5 per cent lower than a year earlier, representing a decline of 1.11m b/d from 2009.

According to latest official data, Japan's crude oil imports decreased by eight per cent, or 327,000 b/d, in February to 3.76m b/d, compared with the month before. This level was even lower than the same month a year ago, when the country's crude oil imports stood at 4.40m b/d, a decrease of 14.5 per cent, or 636,000 b/d.

Japan's product imports continued to rebound in February at 960,000 b/d and displayed an increase of 23 per cent from January, compared with the same period a year ago.

The country mainly imported naphtha and LPG in February. Naphtha deliveries increased by 20,200 b/d, or 4.2 per cent, whereas LPG imports dropped by 42,000 b/d, or 10.3 per cent. Naphtha and LPG imports accounted for around 52 per cent and 38 per cent of the country's total product imports in February.

Japan's fuel oil imports in February averaged 26,000 b/d, compared with 28,000 b/d the previous month, and 53,000 b/d in the same month a year ago.

The country's product exports averaged 511,000 b/d in February, 15.1 per cent, or 67,000 b/d, higher than in the previous month,

but two per cent lower than in the same month a year ago.

In February, gasoil, fuel oil and jet fuel, the country's main product exports, accounted for about 86 per cent of total product exports.

As a result, Japan's net oil imports in February stood at 4.21m b/d, indicating a decline of 393,000 b/d, or 8.5 per cent, from the previous month, and a decline of 513,000 b/d, or11 per cent, compared with a year earlier.

Net crude imports declined by 327,000 b/d to stand at 3.76m b/d, while net product imports lost 66,000 b/d to stand at 450,000 b/d.

Saudi Arabia was Japan's top crude oil supplier in January with 960,000 b/d, or 25.6 per cent of the country's total crude oil imports. The UAE came next, supplying 720,000 b/d, representing 19.2 per cent. Qatar supplied 430,000 b/d, or 11.5 per cent, of Japan's crude oil, closely followed by Iran with 400,000 b/d, or 10.8 per cent.

Altogether, OPEC Member Countries supplied 430,000 b/d, or 68 per cent, of Japan's product imports in February.

Altogether, OPEC Member Countries supplied 3.12m b/d, or 83.1 per cent, of Japan's crude oil imports in February, down from 3.39m b/d the previous month.

On the product-side, not including LPG imports, preliminary data indicates that Saudi Arabia was Japan's top supplier in February with 183,000 b/d, up from 171,000 b/d the previous month. It was followed by the UAE with 125,000 b/d, down from 111,000 b/d in February.

Altogether, OPEC Member Countries supplied 430,000 b/d, or 68 per cent, of Japan's product imports in February.

According to official Chinese data, China's crude oil imports rose in February to 4.85m b/d, an increase of 20 per cent from the previous month. On an annual basis, China's crude oil imports in February indicated an increase of 58 per cent, or 1.7m b/d.

Imports of oil products stood at 950,000 b/d, 20 per cent higher than the month before, but 15 per cent lower, compared with the previous year.

"A major reason for the crude oil import surge could be the fast-growing crude oil throughput seen during the period, which created larger demand for crude oil. Besides this, the economic recovery has also provided momentum for an expansion of imports. China's domestic crude oil throughput has kept breaking monthly records as the additional capacity came onstream," said the report.

On the export side, China's crude and product exports declined in February by 200,000 b/d, or 26 per cent, compared with the previous month to average 560,000 b/d. Crude oil exports experienced a minor increase, while product exports saw a decline of 31 per cent, compared with the previous year.

China's net oil imports increased sharply in February by 1.15m b/d, or 28 per cent, compared with the previous month for an average of 5.24m b/d. The increase was supported by the rise in imports and the decline in exports.

Saudi Arabia was China's largest crude oil supplier with 950,000 b/d, or 20 per cent of the country's total imports. Angola represented 14 per cent of the total imports with 670,000 b/d of supplies, a little less than the 740,000 b/d average seen for the first two months of last year.

Significant volumes from OPEC suppliers came also from Iran (380,000 b/d) and Iraq (250,000 b/d), which represented a share of eight per cent and five per cent, respectively.

Altogether, OPEC Member Countries supplied China with 2.88m b/d, or 60 per cent, of its crude oil imports in February, up from 2.47m b/d the previous month.

According to preliminary data, India's crude oil imports declined in February, compared with the previous month, by 130,000 b/d, or 4.3 per cent.

Crude imports in February were 325,000 b/d higher, compared with the same month a year ago, which represented an increase of 13 per cent.

India's crude oil imports during the first two months of the year averaged 2.86m b/d, up by 15.6 per cent over the same period in 2009.

India's product imports continued to increase in February – by about 50,000 b/d – representing a 19 per cent increase over the previous month, and standing at a level of 320,000 b/d, were 1.7 per cent more than in the same month a year ago. The higher import figure was supported by the increase in gasoline and gasoil imports.

India's total product exports of 566,000 b/d in February were 65,000 b/d, or 13 per cent, higher, compared with the previous month and two per cent lower, compared with a year earlier.

As a result, India's net product imports rose by 14,000 b/d, or 6.2 per cent, over the previous month. Its total net oil imports for February averaged 2.55m b/d, a decline of 5.2 per cent, or 141,000 b/d from the previous month, and an increase of 15.4 per cent over the same period last year.

FSU crude exports in February declined by 2.3 per cent on the month to 6.56m b/d, due to severe weather conditions. However, compared with February 2009, exports were higher, due to the launch of ESPO blend exports from Kozmino and increased loadings at Gdansk, which offset falls at Primorsk.

According to loading schedules, Russia's seaborne crude exports were set to rise by more than six per cent to 2.86m b/d in March, following February's drop.

It was expected that Primorsk and Kozmino would lead the increase, while Black Sea loadings were set to fall. Gdansk exports were expected to drop by almost ten per cent, with Kazakh crude accounting for all loadings.

Rail exports in February increased and stood at 392,000 b/d, up by almost 40 per cent compared with January.

FSU product exports in February fell compared with the month before, as the cold weather restricted some fuel loadings. However,

looking at the scheduled fuel oil exports in March, a 60 per cent increase was projected, compared with the February schedule.

Stock movements

Concerning stock movements, the OPEC report said US commercial inventories at the end of March rose by 5.3m b, reversing a revised drop of 10.6m b in February.

Crude and product stocks moved in opposite directions as crude inventories expanded by 14m b, while product stocks fell by 9m b.

At 1,049.6m b, US commercial stocks stood 33m b below the level seen a year ago, but remained at a comfortable level of 82m b, or 8.4 per cent, above the last five-year average.

"It is worth noting that at the end of the first quarter of 2010, US commercial stocks indicated a slight contra-seasonal build, driven by ample crude supply, while the stock-draw in products abated the build," said the report.

At the end of March, US commercial crude stocks rose for the third consecutive month, accumulating more than 30m b to stand at 356.2m b, the highest level since June 2009.

The build was driven by a continued increase in imports, which averaged 9.1m b/d, around 300,000 b/d more than in the previous month.

In the week ending April 2, crude oil imports stood at a higher level of 9.6m b, up by 500,000 b/d from the previous week and indicating a continued healthy level of crude imports into the US.

"This represents a six-month high for crude flows into the US as refineries are clearly expecting stronger crude runs for the driving season. The build in crude stocks occurred despite refiners boosting runs," the report observed.

In fact, US throughputs climbed by around 200,000 b/d to 14.2m b/d, which corresponded to a refinery utilization rate of 82.2 per cent, or one per cent higher than in the previous month.

"This strong build shows that factors outside fundamentals are behind the recent increase in crude oil prices."

US crude oil stocks stood at 35m b at the end of March, 11 per cent above the seasonal norm, but remained 33m b below the same period seen the previous month.

In contrast to the continued build in crude, total product stocks fell for the sixth consecutive month – this time by 8.7m b – driven by the drop in gasoline, distillates and jet fuel, while residual fuels saw a build.

Despite the draw, total product stocks remained at 47m b, or seven per cent, above the five-year average.

US gasoline stocks fell by 9.6m b to 222.4m b, mainly due to higher demand averaging 9.1m b/d, which was 150,000 b/d more than in the same period a year ago.

Gasoline demand in the US continued on the path established in previous weeks, surpassing 9m b/d for the third consecutive week.

"This is a signal that gasoline demand will strengthen, compared with 2009 and despite higher retail prices."

Despite the draw, gasoline inventories remained 6m b higher than a year earlier and 13m b, or six per cent, above the seasonal norm.

Distillate stocks, which include heating oil and diesel, dropped for the fourth consecutive month – by 5.2m b to 145.7m b, but still remained at a comfortable level, indicating a surplus of 34m b, or 30 per cent, over the five-year average.

"The drop in distillates could be attributed to higher exports to South America, due to refinery maintenance and upgrades. This drop came despite rising output as apparent demand remained almost unchanged at 3.7m b/d," the report noted.

Distillate stocks in the week ending April 2 marked the first build since the end of January, driven by higher production with refiners boosting throughputs by nearly 470,000 b/d.

"Until domestic demand picks up, or foreign markets resume higher consumption, the outlook for distillates is expected to remain bearish with ample supply," the report observed.

Residual fuel oil stocks rose by 1.6m b to 41.1m b, the highest level since June 2008, reflecting lower demand, while jet fuel inventories dropped for the second consecutive month – by 1.1m b to 42.1m b. Both products indicated a surplus of four per cent and eight per cent, respectively, over their five-year averages.

Europe's total oil inventories (EU plus Norway) in March declined by 2.3m b, driven by a fall of 7.5m b in products, while crude stocks rose by 5.3m b.

US commercial inventories at the end of March rose by 5.3m b, reversing a revised drop of 10.6m b in February.

At 1,153m b, European inventories stood 30.3m b, or three per cent, above the five-year average. However, they remained 27m b below the year-ago level.

The region's crude oil stocks stood at 476.3m b in March, up from the February level, but still 26m b below a year ago.

The build was mainly on the back of weakening refinery runs, which declined by 90,000 b/d to average 10.3m b/d from a month earlier.

"This represents the lowest refinery runs since EU records began in 1990," the report pointed out.

The large scale of refinery maintenance in Europe reduced refinery utilization rates to 78.7 per cent in March from 79.4 per cent the previous month.

Despite the build in crude oil inventories, they remained 6.4m b, or 1.3 per cent, below the seasonal norm.

On the product side, lower refinery runs started to impact all major product inventories, which saw a stock-draw for the second consecutive month.

Despite this draw, total product stocks of 677m b still represented a surplus of 23m b from a year ago and were 37.4m b, or six per cent, above the five-year average.

Middle distillates saw the bulk of the drop, declining by 5m b to 413.3m b, but remained at

a very comfortable level with a surplus of 21.1m b, compared with the previous year and were 52.2m b, or 14.4 per cent, above the seasonal average.

Gasoline stocks fell by 1.2m b to 119.9m b and were down by 20.5m b, or 14.6 per cent, compared with the five-year average, yet in line with year-ago levels.

The increase in gasoline exports to the US ahead of the driving season contributed to the decline in gasoline stocks.

Residual fuel oil stocks fell by less than 1m b in March to 107.8m b, despite weaker demand. Fuel oil stocks stood 5.5m b below last year's level and 3.6m b, or 3.2 per cent, down from the historical norm.

In Japan, commercial oil inventories in February reversed the build observed the previous month, decreasing by 11.2m b to reach 155.6m b, a level not seen since early 2008.

Preliminary indications, based on weekly data published by PAJ, showed that Japan's total commercial oil stocks rose by 4.1m b to 159.7m b at the end of March.

With this draw, the deficit with a year-ago and with the seasonal norm widened to 15 per cent and 11 per cent, respectively. The draw in February came for both crude and products, which decreased by 7.7m b and 3.4m b, respectively.

At 86.8m b, Japan's crude oil stocks stood at their lowest level since September 2009, losing almost all the build that occurred during the last four months.

The strong draw came as a result of an eight per cent decline in crude oil imports to an average of 3.76m b/d, around 15 per cent below a year ago.

The increase in the country's refinery rate by 1.1 per cent to 82.4 per cent also contributed to the stock-draw.

"However, refiners are still running 2.5 per cent below last year during the same period," said the report.

With this draw, the deficit with the previous year increased to 19 per cent, compared with 11 per cent in January, while the gap with the last five-year average widened to 15 per cent from 11 per cent a month earlier.

On the products side, Japanese inventories in February fell by 3.4m b to 68.8m b, the lowest level since February 2008.

The draw could be attributed to the increase of 4.2 per cent in Japan's total oil product sales.

"This represents the biggest rise since September 2007 as robust demand for petrochemicals continued to boost naphtha sales."

Total product stocks ended February at 6.8m b, or nine per cent, below last year's level, while the deficit with the average norm remained at 3.5m b, or 4.9 per cent.

Preliminary indications, based on weekly data published by PAJ, showed that Japan's total commercial oil stocks rose by 4.1m b to 159.7m b at the end of March.

The build was driven mainly by crudes, which increased by 3.3m b, and to a lesser extent by the build of 800,000 b in products.

Despite this build, Japanese oil stocks remained ten per cent below a year ago and 8.4 per cent below the seasonal norm.

"The build in crude could be attributed to the decline in crude runs, which corresponds to a refinery utilization rate of around 78 per cent. This lower refinery rate reflects the beginning of spring refinery maintenance," said the report.

At 90.1m b, Japan's crude oil inventories at the end of March were 12.7 per cent below a year ago and 14 per cent less than the five-year average.

Within products, the picture was mixed. Gasoline and distillate stocks declined by 1.2m b and 1.9m b, respectively, while fuel oil and naphtha inventories increased by 2.6m b and 1.2m b, respectively.

At 69.6m b, total product stocks at the end of March remained around six per cent below a year ago.

In Singapore at the end of February, product stocks rose by 2.1m b to 47.0m b, up by 7.4m b over the same period last year.

The picture was mixed with fuel oil stocks seeing a build of 2.8m b, followed by a slight build in light distillate inventories, while middle distillate stocks fell by 700,000 b for the second consecutive month.

Preliminary data for the end of March, based on weekly information, showed a further build by 1.7m b in Singapore product inventories, driven by the increase in light distillates and to a lesser extent by fuel oil, while middle distillate inventories continued their draw for the third consecutive month. At 48.69m b, total product stocks remained 7m b above a year ago.

In Amsterdam-Rotterdam-Antwerp (ARA), product stocks fell in February for the second consecutive month – by 3.6m b – to stand at 36.3m b. Despite the draw, product inventories remained 2.6m b above the year-ago level.

Preliminary data for the end of March indicated a build of 600,000 b in ARA product stocks, compared with the previous month. At 36.9m b, product stocks remained 2.1m b above the year-ago level.

With the exception of gasoil stocks, which declined by 2.8m b, all other product stocks indicated a build. Gasoline and fuel oil inventories saw the highest build, increasing by 1.5m b and 1.7m b, respectively.

Table A: World crude oil demand/supply balance															*m b/d*
World demand	**2004**	**2005**	**2006**	**2007**	**2008**	**1Q09**	**2Q09**	**3Q09**	**4Q09**	**2009**	**1Q10**	**2Q10**	**3Q10**	**4Q10**	**2010**
OECD	49.5	49.8	49.5	49.2	47.6	46.6	44.4	45.0	46.2	45.5	46.1	44.3	44.9	46.2	45.4
North America	25.4	25.6	25.4	25.5	24.2	23.5	22.9	23.2	23.6	23.3	23.7	23.3	23.5	23.9	23.6
Western Europe	15.5	15.7	15.7	15.3	15.3	14.9	14.2	14.5	14.6	14.5	14.2	13.8	14.3	14.5	14.2
Pacific	8.5	8.6	8.5	8.4	8.1	8.1	7.3	7.3	8.0	7.7	8.2	7.2	7.1	7.9	7.6
Developing countries	21.9	22.7	23.4	24.4	25.3	25.3	25.9	26.1	26.1	25.8	25.9	26.5	26.7	26.7	26.5
FSU	3.8	3.9	4.0	4.0	4.1	3.8	3.7	4.1	4.2	4.0	3.9	3.7	4.2	4.2	4.0
Other Europe	0.9	0.9	0.9	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.8
China	6.5	6.7	7.2	7.6	8.0	7.6	8.4	8.6	8.3	8.2	8.1	8.7	8.9	8.6	8.6
(a) Total world demand	**82.6**	**84.0**	**85.0**	**86.0**	**85.7**	**84.0**	**83.2**	**84.5**	**85.5**	**84.3**	**84.7**	**84.0**	**85.5**	**86.6**	**85.2**
Non-OPEC supply															
OECD	21.3	20.4	20.1	20.1	19.5	19.9	19.3	19.3	19.7	19.5	19.6	19.4	19.1	19.4	19.4
North America	14.6	14.1	14.2	14.3	13.9	14.2	14.0	14.2	14.4	14.2	14.3	14.3	14.2	14.3	14.3
Western Europe	6.2	5.7	5.3	5.2	5.0	5.1	4.7	4.4	4.7	4.7	4.7	4.4	4.3	4.5	4.5
Pacific	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.7	0.7	0.7
Developing countries	11.6	11.9	12.0	12.0	12.4	12.5	12.5	12.6	12.7	12.6	12.8	12.7	12.8	12.9	12.8
FSU	11.1	11.5	12.0	12.5	12.6	12.6	12.9	13.0	13.1	12.9	13.1	13.1	13.1	13.3	13.2
Other Europe	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.5	3.6	3.7	3.8	3.8	3.8	3.9	3.9	3.9	3.8	4.0	3.9	3.9	3.9	3.9
Processing gains	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1
Total non-OPEC supply	49.6	49.6	50.0	50.5	50.4	51.0	50.7	50.9	51.6	51.0	51.7	51.4	51.2	51.7	51.5
OPEC NGLS and non-conventionals	3.7	3.9	3.9	3.9	4.1	4.1	4.3	4.5	4.5	4.4	4.6	4.8	4.9	5.2	4.9
(b) Total non-OPEC supply and OPEC NGLS	**53.3**	**53.5**	**53.9**	**54.5**	**54.5**	**55.1**	**55.0**	**55.4**	**56.0**	**55.4**	**56.3**	**56.2**	**56.2**	**56.9**	**56.4**
OPEC crude supply and balance															
OPEC crude oil production[1]	29.6	30.7	30.5	30.2	31.2	28.5	28.5	28.9	29.0	28.7	29.2				
Total supply	82.9	84.2	84.4	84.7	85.7	83.6	83.5	84.2	85.1	84.1	85.6				
Balance[2]	0.3	0.2	-0.6	-1.4	0.0	-0.5	0.3	-0.3	-0.4	-0.2	0.9				
Stocks															
OECD closing stock level *m b*															
Commercial	2538	2587	2669	2567	2696	2740	2752	2773	2663	2663					
SPR	1450	1487	1499	1524	1527	1547	1561	1564	1564	1564					
Total	3988	4073	4167	4091	4223	4287	4313	4337	4228	4228					
Oil-on-water	905	954	919	951	967	901	902	871	912	912					
Days of forward consumption in OECD															
Commercial onland stocks	51	52	54	54	59	62	61	60	58	59					
SPR	29	30	30	32	34	35	35	34	34	34					
Total	80	82	85	86	93	96	96	94	92	93					
Memo items															
FSU net exports	7.3	7.7	8.0	8.5	8.5	8.8	9.2	8.9	8.9	9.0	9.3	9.4	9.0	9.0	9.2
[(a) – (b)]	**29.3**	**30.5**	**31.1**	**31.5**	**31.2**	**28.9**	**28.2**	**29.1**	**29.5**	**28.9**	**28.4**	**27.8**	**29.3**	**29.7**	**28.8**

1. *Secondary sources.*
2. *Stock change and miscellaneous.*

Note: Totals may not add up due to independent rounding.

Table 1 *above, prepared by the Secretariat's Petroleum Studies Department, shows OPEC's current forecast of world supply and demand for oil and natural gas liquids.*

The monthly evolution of spot prices for selected OPEC and non-OPEC crudes is presented in ***Tables 1 and 2*** *on page 90 while* ***Graphs 1 and 2*** *on page 91 show the evolution on a weekly basis.* ***Tables 3 to 8*** *and the corresponding graphs on pages 92–93 show the evolution of monthly average spot prices for important products in six major markets. (Data for Tables 1–8 is provided courtesy of Platt's Energy Services.)*

Table 1: OPEC Reference Basket crude oil prices, 2009–10

$/b

Crude/Member Country	2009 Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2010 Jan	Feb	Mar	Weeks 9–13 (week ending) Mar 5	Mar 12	Mar 19	Mar 26	Apr 2
Arab Light – Saudi Arabia	46.39	50.91	57.45	69.01	64.92	71.42	67.64	73.36	76.54	74.38	76.46	73.32	77.24	76.17	77.75	77.30	77.09	78.74
Basrah Light – Iraq	44.94	51.18	56.47	68.18	64.32	70.73	67.30	72.63	75.55	73.03	75.74	72.25	77.17	76.23	77.66	77.25	76.81	78.60
Bonny Light – Nigeria	49.70	52.24	57.87	69.55	66.31	73.84	68.74	74.41	77.96	75.68	77.39	75.04	80.40	79.52	80.82	80.57	79.99	82.17
Es Sider – SP Libyan AJ	46.35	50.24	56.87	68.15	64.51	72.89	67.44	72.71	76.61	74.23	76.14	73.59	78.85	77.97	79.27	79.02	78.44	80.59
Girassol – Angola	46.98	49.72	57.36	68.92	65.02	72.66	67.69	72.97	76.89	74.53	76.78	73.95	79.45	78.43	79.78	79.55	79.27	81.28
Iran Heavy – IR Iran	44.52	50.10	56.02	68.16	64.79	71.53	66.43	72.54	76.72	74.34	75.72	72.54	76.93	75.83	77.42	76.95	76.89	78.29
Kuwait Export – Kuwait	44.91	50.16	57.93	68.73	64.74	70.97	66.45	72.50	76.54	74.03	75.69	72.27	76.29	75.23	76.84	76.32	76.20	77.56
Marine – Qatar	46.58	50.82	58.09	69.94	65.31	72.02	68.44	73.61	77.78	75.36	77.07	73.91	77.35	76.31	77.94	77.38	77.31	78.70
Merey* – Venezuela	39.59	43.73	52.95	61.81	60.11	65.78	62.88	66.90	70.09	68.63	71.27	68.47	70.65	70.76	71.17	70.17	70.22	71.27
Murban – UAE	47.75	52.33	59.58	71.50	66.80	73.51	69.79	75.06	79.00	76.84	78.19	75.22	79.18	78.10	79.79	79.15	79.14	80.54
Oriente – Ecuador	42.45	42.41	53.56	63.62	58.10	65.26	63.67	68.57	70.05	68.93	72.94	69.38	72.11	72.30	73.17	71.75	71.08	72.85
Saharan Blend – Algeria	48.40	51.69	57.27	69.15	65.21	72.94	67.84	73.36	77.16	74.98	76.79	74.54	79.70	78.82	80.12	79.87	79.29	81.35
OPEC Reference Basket	45.78	50.20	56.98	68.36	64.59	71.35	67.17	72.67	76.29	74.01	76.01	72.99	77.21	76.29	77.71	77.24	77.00	78.64

Table 2: Selected OPEC and non-OPEC spot crude oil prices, 2009–10

$/b

Crude/country	2009 Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2010 Jan	Feb	Mar	Weeks 9–13 (week ending) Mar 5	Mar 12	Mar 19	Mar 26	Apr 2
Minas – Indonesia[1]	49.06	54.11	61.69	72.71	67.23	75.88	70.25	76.43	80.51	78.67	79.82	76.12	81.60	79.44	80.53	80.11	84.02	85.84
Arab Heavy – Saudi Arabia	43.76	49.48	55.69	68.74	64.80	71.03	66.16	72.35	76.72	74.00	75.60	71.98	75.87	74.83	76.46	75.88	75.81	76.98
Brega – SP Libyan AJ	47.25	51.24	57.87	69.05	65.31	73.24	67.79	73.06	76.96	74.58	76.49	73.84	79.10	78.22	79.52	79.27	78.69	80.88
Brent – North Sea	46.55	50.44	57.27	68.55	64.61	72.84	67.39	72.76	76.66	74.28	76.19	73.64	78.90	78.02	79.32	79.07	78.49	80.70
Dubai – UAE	45.59	50.10	57.48	69.41	64.82	71.36	67.74	73.15	77.69	75.42	76.69	73.40	77.31	76.23	77.86	77.39	77.27	78.67
Ekofisk – North Sea	47.28	50.65	58.48	69.62	65.55	73.36	68.31	73.71	77.56	75.24	77.39	74.48	79.71	78.67	79.95	79.73	79.59	81.83
Iran Light – IR Iran	46.10	49.69	56.53	68.24	64.93	72.64	67.55	72.86	76.72	73.87	75.62	72.87	77.70	77.18	78.17	77.43	77.29	79.57
Isthmus – Mexico	46.98	50.38	58.51	68.52	63.70	71.04	67.16	72.91	75.99	73.05	76.10	74.06	79.00	78.01	79.43	79.12	78.54	80.96
Oman – Oman	45.83	50.16	57.59	69.47	65.08	71.59	68.27	73.34	77.85	75.48	77.01	73.85	77.72	76.73	78.35	77.66	77.66	79.01
Suez Mix – Egypt	42.89	46.26	54.33	65.35	62.15	69.53	64.35	69.83	73.42	70.83	73.12	70.04	74.00	73.58	74.31	73.86	73.61	75.66
Tia Juana Light[2] – Venez.	45.52	49.32	57.34	67.08	62.68	69.83	66.22	71.74	74.85	71.81	74.66	72.87	77.50	76.52	77.92	77.62	77.05	79.43
Urals – Russia	45.65	49.05	56.85	68.38	64.85	72.27	67.09	72.67	76.32	73.88	76.09	72.84	77.04	76.41	77.24	77.10	76.90	78.54
WTI – North America	48.00	49.82	59.21	69.68	64.23	71.05	69.34	75.73	77.84	74.41	78.30	76.34	81.25	80.30	81.70	81.39	80.69	83.37

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).

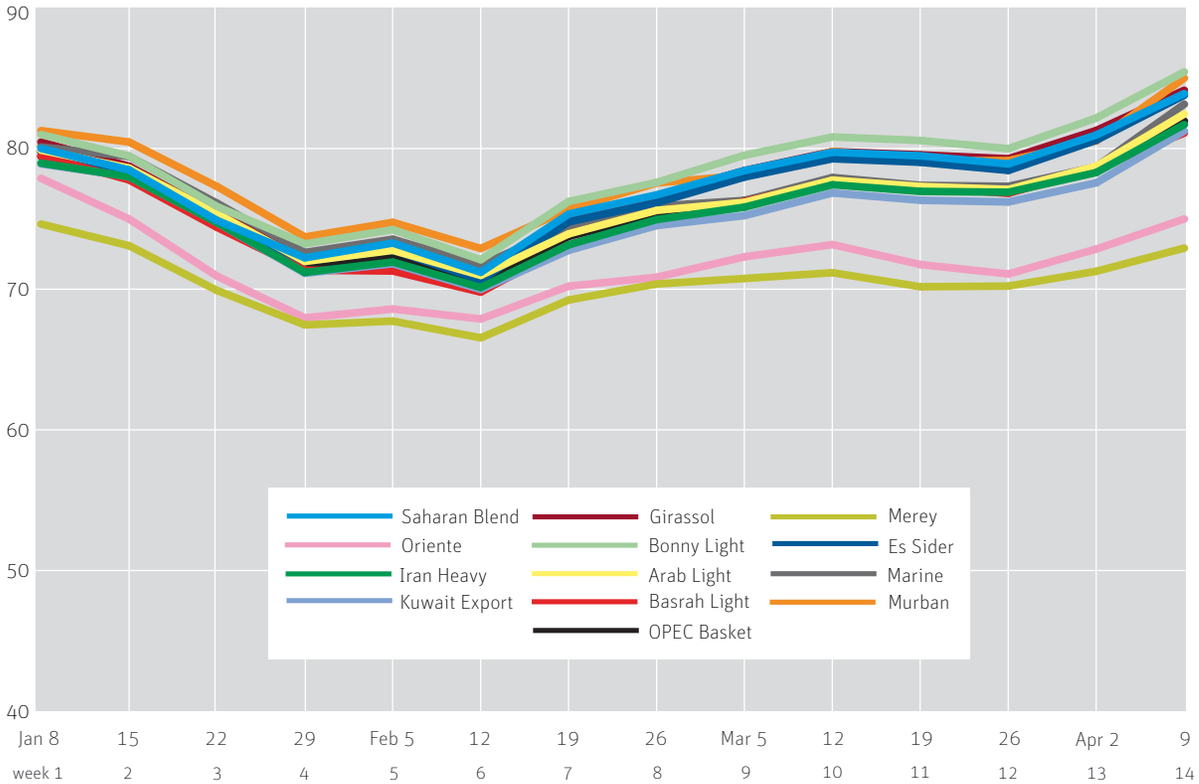
* *Upon the request of Venezuela, and as per the approval of the 111th ECB, BCF-17 has been replaced by Merey as of January 2009. The ORB has been revised as of this date.*

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

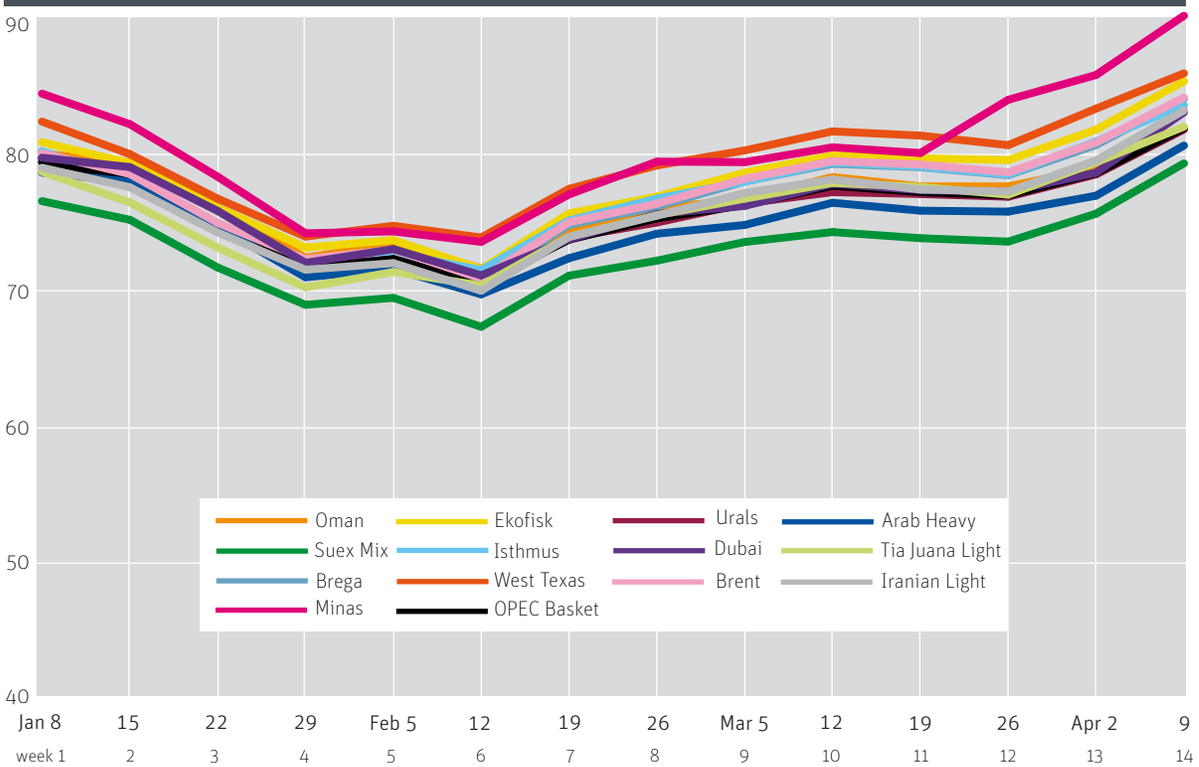
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.

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, 2010 *$/b*



Graph 2: Evolution of spot prices for selected non-OPEC crudes, 2010 *$/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%S	fuel oil 3.5%S
2009	March	43.82	48.36	52.02	55.90	55.33	36.43	37.29
	April	46.84	48.77	57.85	59.72	60.25	43.80	42.35
	May	52.58	59.66	70.76	64.03	64.87	50.34	51.19
	June	62.74	71.18	81.07	75.69	78.47	59.46	59.14
	July	43.75	42.79	48.83	55.32	53.89	35.81	36.50
	August	70.85	72.78	83.06	79.99	79.89	67.78	66.21
	September	65.82	65.55	74.81	74.77	76.57	64.52	62.96
	October	69.17	68.89	79.16	81.60	82.53	68.35	66.93
	November	74.60	72.67	83.50	83.25	85.40	73.68	71.03
	December	75.35	70.59	79.68	81.62	83.56	69.02	68.36
2010	January	79.05	71.54	84.65	84.11	86.46	72.55	71.29
	February	75.48	72.19	83.11	81.53	83.38	69.94	67.51
	March	76.12	71.87	64.38	88.75	89.50	73.25	70.47

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

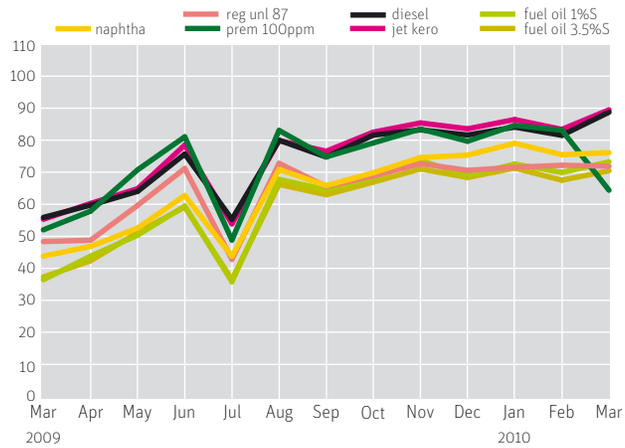


Table and Graph 4: South European market — spot cargoes, fob Italy

$/b

		naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1%S	fuel oil 3.5%S
2009	March	45.21	28.66	38.26	38.63	35.42
	April	42.05	26.66	35.59	39.37	36.74
	May	50.74	32.51	42.25	52.93	50.93
	June	61.16	36.23	47.09	60.64	59.47
	July	41.92	24.42	31.74	38.63	35.42
	August	69.32	24.55	31.98	68.04	66.86
	September	64.30	22.77	29.66	64.92	63.10
	October	67.57	24.32	31.68	68.18	67.11
	November	72.83	26.21	34.15	72.97	71.00
	December	73.04	26.29	34.25	69.92	68.20
2010	January	76.30	27.10	35.18	72.10	70.82
	February	72.61	28.00	35.31	69.58	67.38
	March	78.63	27.55	35.24	72.39	68.79

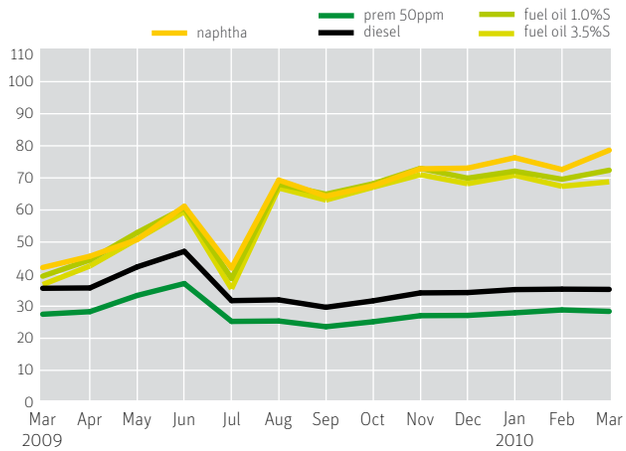
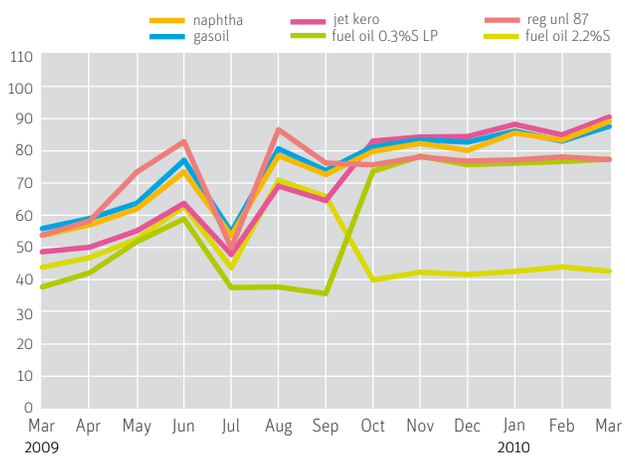


Table and Graph 5: US East Coast market — spot cargoes, New York

$/b, duties and fees included

		naphtha	regular gasoline unleaded 87	gasoil	jet kero	fuel oil 0.3%S	fuel oil 2.2%S
2009	March	51.79	53.83	53.69	55.86	48.64	37.70
	April	52.45	58.24	57.00	58.98	50.05	42.10
	May	65.60	73.39	61.98	63.68	55.14	51.77
	June	74.77	82.83	73.45	77.05	63.67	58.85
	July	70.12	49.78	53.68	54.79	47.82	37.52
	August	75.27	86.58	78.49	80.62	69.05	37.71
	September	68.97	76.22	72.67	73.89	64.55	35.63
	October	75.66	79.71	81.17	82.95	73.56	39.80
	November	78.12	82.30	83.42	84.31	78.34	42.29
	December	76.81	80.13	82.73	84.44	75.70	41.59
2010	January	77.68	85.54	86.11	88.23	76.17	42.55
	February	78.10	83.34	83.05	84.96	76.68	43.94
	March	77.27	89.13	87.63	90.51	77.38	42.59



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%S	fuel oil 2.8%S
2009	March	46.49	15.95	54.21	31.66	29.92
	April	50.87	16.19	54.18	32.55	30.83
	May	64.97	19.75	64.62	46.72	45.02
	June	74.02	23.47	77.63	54.73	29.92
	July	46.49	15.95	54.21	31.66	29.92
	August	24.93	24.93	80.47	64.29	62.76
	September	68.22	23.20	74.72	60.96	59.45
	October	74.90	25.78	82.99	65.50	63.97
	November	77.85	26.46	84.70	70.04	68.39
	December	78.45	26.18	84.67	68.60	66.96
2010	January	82.37	27.12	87.67	70.31	68.83
	February	80.25	26.18	84.94	71.75	70.57
	March	85.40	27.63	89.96	74.99	73.99

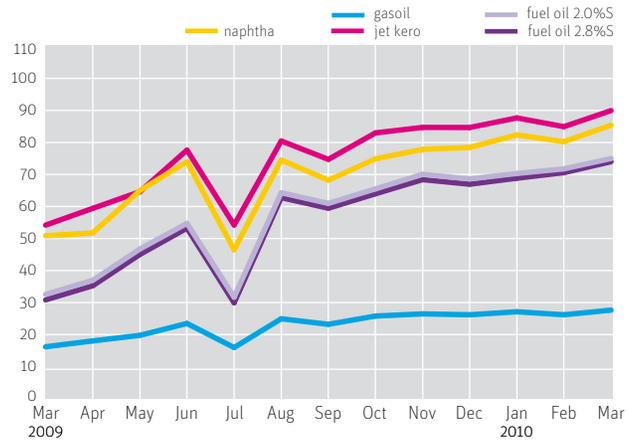


Table and Graph 7: Singapore market – spot cargoes, fob

$/b

		naphtha	premium gasoline unl 95	premium gasoline unl 92	diesel ultra light	jet kero	fuel oil 180 Cst	fuel oil 380 Cst
2009	March	46.84	63.61	55.42	39.76	52.85	40.66	50.48
	April	46.53	54.20	53.14	56.20	53.34	38.70	38.05
	May	54.01	68.50	65.48	66.29	64.07	54.53	53.90
	June	65.86	77.15	75.01	77.92	52.85	62.77	62.34
	July	46.84	57.97	55.42	54.59	52.85	40.66	39.76
	August	70.37	82.13	80.13	80.34	78.67	68.23	68.03
	September	66.80	75.63	73.84	75.80	74.58	66.36	66.30
	October	69.20	77.71	76.05	81.95	80.07	68.85	68.86
	November	76.21	81.89	79.88	85.29	84.95	72.84	72.90
	December	78.28	81.85	78.95	82.69	83.24	72.79	72.65
2010	January	80.66	88.01	84.87	85.89	85.87	75.55	75.11
	February	75.76	86.49	83.55	83.30	82.23	71.88	71.15
	March	80.84	90.86	88.48	88.63	87.49	73.04	71.89

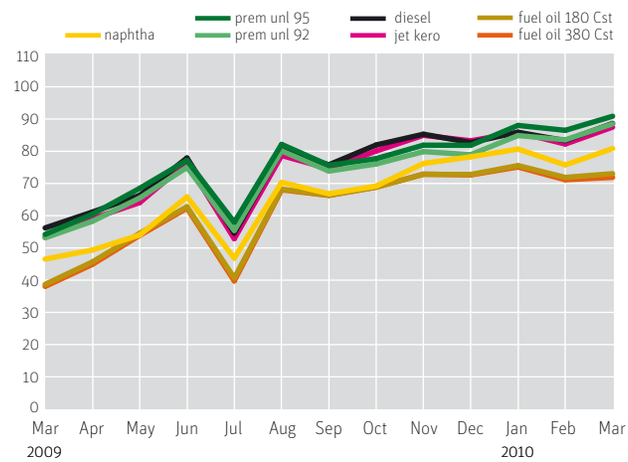
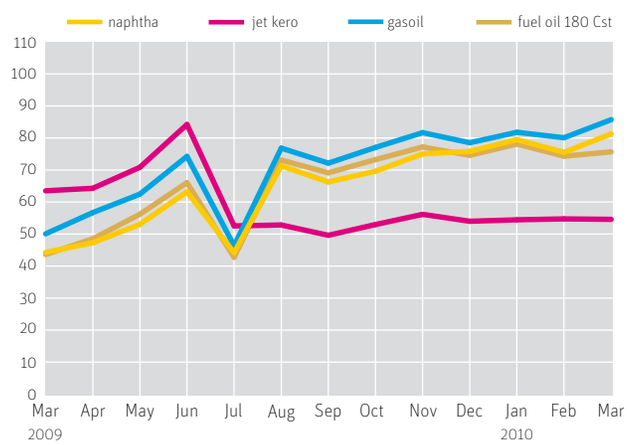


Table and Graph 8: Middle East Gulf market – spot cargoes, fob

$/b

		naphtha	gasoil	jet kero	fuel oil 180 Cst
2009	March	47.16	62.80	55.44	38.07
	April	44.26	50.06	63.50	43.60
	May	53.02	62.46	70.83	56.19
	June	63.19	74.25	84.21	66.06
	July	44.19	46.34	52.55	42.73
	August	71.30	76.83	52.83	73.11
	September	66.26	72.14	49.61	69.12
	October	69.61	77.04	52.97	73.24
	November	75.04	81.66	56.15	77.20
	December	75.80	78.51	53.99	74.57
2010	January	79.49	81.77	54.45	78.10
	February	75.51	80.07	54.73	74.31
	March	81.27	85.71	54.59	75.66



Source: Platts. Prices are average of available days.

Forthcoming events

International conference on oil field, May 26–27, 2010, Aberdeen, UK. Details: Society of Petroleum Engineers, Part Third Floor East, Portland House, 4 Great Portland Street, London W1W 8QJ, UK. Tel: +44 207 299 3300; fax: +44 207 299 3309; e-mail: spelon@spe.org; website: www.spe.org.

Western North America regional meeting, May 26–30, 2010, Anaheim, CA, USA. Details: Society of Petroleum Engineers, PO Box 833836, Richardson, TX 75083-3836, USA. Tel: +1 972 952 393; fax: +1 972 952 9435; e-mail: spedal@spe.org; website: www.spe.org.

4th annual HSE excellence in oil, gas and petrochemical industries, May 27–28, 2010, Barcelona, Spain. Details: Jacob Fleming Group, Rossellon 174–176 Ent 1a 080 36, Barcelona, Spain. Tel: +34 934 524 27; fax: +34 934 510 532; e-mail: karina.gusalova@jacobfleming.com; website: www.jacobfleming.com.

3rd annual crude oil markets, May 27–28, 2010, London, UK. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.events.platts.com.

Libya gas, May 28, 2010, Rome, Italy. 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.

Rio gas forum, May 31, 2010, Rio de Janeiro, Brazil. 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.

Maximum contact reservoir, horizontal multilateral and extended reach well construction workshop, May 30–June 1, 2010, Bucaramanga, Colombia. Details: Society of Petroleum Engineers, PO Box 833836, Richardson, TX 75083-3836, USA. Tel: +1 972 952 393; fax: +1 972 952 9435; e-mail: spedal@spe.org; website: www.spe.org.

Heavy oil world MENA 2010, May 31–June 2, 2010, Manama, Bahrain. Details: Terrapinn Holdings Ltd, First Floor, Modular Place, Turnberry Office Park, 48 Grosvenor Road, Bryanston 2021, South Africa. Tel: +27 11 516 4000; fax: +27 11 463 6000; e-mail: enquiry.za@terrapinn.com; website: www.terrapinn.com.

LNG outlook Asia, May 31–June 3, 2010, Singapore. Details: Terrapinn Holdings Ltd, First Floor, Modular Place, Turnberry Office Park, 48 Grosvenor Road, Bryanston 2021, South Africa. Tel: +27 11 516 4000; fax: +27 11 463 6000; e-mail: enquiry.za@terrapinn.com; website: www.terrapinn.com.

Carbon capture and storage workshop, June 1–4, 2010, Leoben, Austria. Details: Society of Petroleum Engineers, Part Third Floor East, Portland House, 4 Great Portland Street, London W1W 8QJ, UK. Tel: +44 207 299 3300; fax: +44 207 299 3309; e-mail: spelon@spe.org; website: www.spe.org.

Caspian oil and gas exhibition and conference, June 1–4, 2010, Baku, Azerbaijan. 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: www.ite-exhibitions.com.

2nd Western Africa energy week, June 2–4, 2010, Accra, Ghana. Details: Global Pacific Partners, Suite 7, 4 Montpelier Street, Knightsbridge, London SW7 1EE, UK. Tel: +44 207 589 7804; fax: +44 207 589 7814; e-mail: babette@glopac.com; website: www.petro21.com.

5th annual oil and gas shale developer, June 3–4, 2010, Houston, TX, USA. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.events.platts.com.

2nd annual geothermal energy, June 3–4, 2010, Las Vegas, NV, USA. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.events.platts.com.

Pre-Salt Brazil 2010, June 7–9, 2010, Rio de Janeiro, Brazil. Details: The Exchange Ltd, 5th Floor, 86 Hatton Garden, London EC1N 8QQ, UK. Tel: +44 207 067 1800; fax: +44 207 242 2673; e-mail: marketing@theenergyexchange.co.uk; website: www.theenergyexchange.co.uk.

Refining management forum, June 8–9, 2010, Barcelona, Spain. Details: Global Technology Forum, Highview House, Tattenham Crescent, Epsom Downs, Surrey KT18 5QJ, UK. Tel: +44 1737 365100; fax: +44 1737 365101; e-mail: events@gtforum.com; website: www.gtforum.com.

International oil and gas conference and exhibition, June 8–10, 2010, Beijing, PR of China. Details: Society of Petroleum Engineers, Suite B-11-11, Level 11, Block B, Plaza Mont'Kiara, Jalan Bukit Kiara, Mont'Kiara, 50480 Kuala Lumpur, Malaysia. Tel: +60 36201 2330; fax: +60 36201 3220; e-mail: spekl@spe.org; website: www.spe.org.

Production and operations international conference and exhibition, June 8–10, 2010, Tunis, Tunisia. Details: Society of Petroleum Engineers, Dubai Knowledge Village, Block 17, Offices S07-S09, PO Box 502217, Dubai, UAE. Tel: +971 4 390 3540; fax: +971 4 366 4648; e-mail: spedub@spe.org; website: www.spe.org.

China petroleum and gas insiders 2010, June 9–10, 2010, Singapore. 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.

2nd annual European renewable energy, June 10–11, 2010, Berlin, Germany. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.events.platts.com.

Nanotechnology: exploring practical solutions for 21st century upstream E&P challenges workshop, June 13–16, 2010, Sharm El-Sheikh, Egypt. Details: Society of Petroleum Engineers, Dubai Knowledge Village, Block 17, Offices S07-S09, PO Box 502217, Dubai, UAE. Tel: +971 4 390 3540; fax: +971 4 366 4648; e-mail: spedub@spe.org; website: www.spe.org.

72nd EAGE conference and exhibition/SPE EUROPEC 2010, June 14–17, 2010, Barcelona, Spain. Details: Society of Petroleum Engineers, Part Third Floor East, Portland House, 4 Great Portland Street, London W1W 8QJ, UK. Tel: +44 207 299 3300; fax: +44 207 299 3309; e-mail: spelon@spe.org; website: www.spe.org.

4th annual Texas power markets forum, June 16–17, 2010, Houston, TX, USA. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.events.platts.com.

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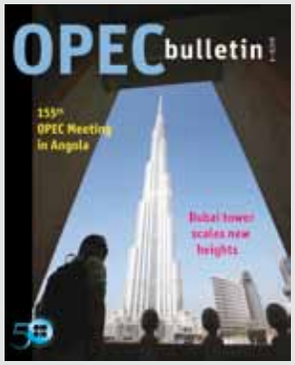

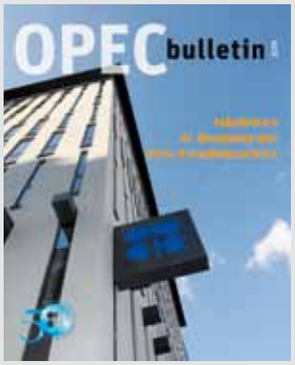

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