

OPEC bulletin ^{6/08}



HUMAN RESOURCES

WANTED



The industry's human dimension



Commentary

What drives the oil industry? Some might suggest it is the exploration, development, production and delivery of oil in an economic and environmentally sound manner. And there is certainly nothing wrong in this response. However, to find a more succinct answer it is important to dig a little deeper. What is the one thing the industry cannot be without?

Oil for one, but we know there are sufficient resources for the foreseeable future. So, the remaining answer is the human resource. It is what founded the oil business and what continues to drive it today. Where would any company be without versatile and flexible employees? The human dimension is the fulcrum: a central element on which the often disparate parts of the oil industry hang.

Yet, over the past decade, concerns have emerged over shortages of skilled labour, particularly in construction and operations. In turn, this has also led to an increase in wages. The reasons for this shortage are varied.

On the demand side, the energy industry's recent considerable expansion has led to calls for more skilled personnel, especially geoscientists, drillers and engineers. Coupled with this is the increasing number of companies searching for new talent, not only in the oil industry, but in the expanding service and emerging knowledge economies. And additionally, the industry's age profile fairly heavily leans towards the retirement end. Over the next ten years or so, many businesses are expected to have to replace a sizable percentage of their workforce.

On the supply side, a shortfall in qualified talent from educational institutions around the world is a hindrance. In some respects, the origins of this can be found in universities reining in the number of people they took in for

energy-related courses during the final 20 years or so of the last century, because at the time the industry did not need graduates in such numbers. Today, the numbers are believed to be increasing, but their entry into the workforce, assuming they join the industry, may not be fully felt for some time.

The current situation is one that deserves much thought; and following quickly on from this, significant action. So just what can be done?

Firstly, it is important to make the industry an attractive career choice, in areas such as employment policies, tailored training to combat areas where there is a scarcity of skills, remuneration packages and, overall, making sure there are efficient processes in place to ensure the industry fosters an environment that can find, hire, train and keep talented people.

And secondly, there is the relationship between the industry and universities. There needs to be strong links between the two to develop and nurture graduates at an early stage. For example, by making sure industry-focused courses are attractive, by highlighting that the industry will play a major global role for generations to come, and by making it easier for students to enroll in universities across national borders. Students in the classrooms today are the key to the industry's future.

It is clear the industry is making strides in helping alleviate the skilled human resource shortage, but more still needs to be done. It requires concerted efforts from all stakeholders, such as international oil companies, national oil companies, service companies, regulators and academia, to restore this essential capacity. The benefits of this are readily apparent.

(An in-depth article covering this issue can be found on page 14).



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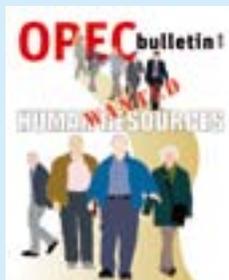


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Membership and aims

OPEC is a permanent, intergovernmental Organization, established in Baghdad, September 10–14, 1960, by IR Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. Its objective is to coordinate and unify petroleum policies among 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 now comprises 13 Members: Qatar joined in 1961; Indonesia and SP Libyan AJ (1962); United Arab Emirates (Abu Dhabi, 1967); Algeria (1969); Nigeria (1971); Angola (2007); and Ecuador (joined the Organization in 1973, suspended its Membership in 1992, and rejoined in 2007); Gabon joined in 1975 and left in 1995.

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The OPEC Bulletin welcomes original contributions on the technical, financial and environmental aspects of all stages of the energy industry, research reports and project descriptions with supporting illustrations and photographs.

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OPEC Secretary General visits Venezuela, Ecuador



In continuation of his working visits to Member Countries, OPEC Secretary General, Abdalla Salem El-Badri, was in the Bolivarian Republic of Venezuela and the Republic of Ecuador last month (May 18–25). In Venezuela, El-Badri met with President Hugo Chavez Frías, while later, in Ecuador, he held talks with President Rafael Correa.

By Omar Farouk Ibrahim



El-Badri's meeting with President Chavez in Venezuela covered a number of topics, including the current oil market situation and the positive relationship between Venezuela and the OPEC Secretariat. It also served as a follow-up on some of the issues contained in the three Declarations of the OPEC Summits of Heads of State and Government, which were adopted in Algiers in 1975, Caracas in 2000, and Riyadh in 2007.

Receiving the Secretary General and his delegation at his residence, President Chávez commended El-Badri for his contribution to the development of OPEC — from his days as Libya's Oil Secretary to his current position as Secretary General. He reiterated the need for greater cooperation among OPEC Member Countries in other areas like technology, industry, and finance, emphasizing that “our Member Countries need to go beyond bilateral cooperation to a multilateral framework on these issues.” The President advised the Secretary General to work to ensure that the decisions contained in the Summit Declarations were implemented, while, at the same time, assuring him of the continuous support of Venezuela to OPEC.

In his response, El-Badri said that Venezuela, one of the five founding Members of OPEC, has been very sup-



Venezuelan Ministry of Energy & Petroleum

Left: Hugo Chávez Frías, President of the Bolivarian Republic of Venezuela, welcomes Abdalla Salem El-Badri, OPEC Secretary General, during his visit to Venezuela.

Right: Rafael Correa, President of Ecuador, with Abdalla Salem El-Badri, OPEC Secretary General, during his trip to Ecuador.



Ecuadorian Ministry of Mines and Petroleum

portive of the Organization, noting that its response to the annual questionnaires sent from the OPEC Secretariat have, in recent years, been comprehensive and timely. Briefing the President on the current oil market situation, the Secretary General said that the crude oil market remains well supplied, with OECD stocks standing above their five-year average. He expressed concern about the volatility that has characterized the market in recent times, noting that non-fundamentals are now the major drivers of the oil market. While assuring that OPEC will continue to strive to bring stability to the market, he also called on other stakeholders in the industry — consumers, investors and producers — to cooperate to find a lasting solution to the volatility.



Above: Abdalla Salem El-Badri, OPEC Secretary General, with Rafael Ramirez, Venezuelan Minister of Energy and Petroleum.

Importance of data

In a separate briefing to Rafael Ramirez, Minister of Energy and Petroleum and President of the state oil company, Petroleos de Venezuela SA (PDVSA), at the Ministry's headquarters, El-Badri informed the Minister that the Secretariat is pleased with the comprehensiveness and timeliness of the data it has been receiving from Venezuela.

A presentation by Fuad Al-Zayer, Head of the OPEC Secretariat's Data Services Department, highlighted the importance of data collection to the Secretariat's research efforts. He noted that there are discrepancies between data received from direct communication with Venezuela and those from secondary sources and advised on the need to bridge the gap. The meeting acknowledged that secondary sources may not be accessing all the data sources they need to, in order to have comprehensive and correct figures, partly because they do not even try, and partly because some of them are biased. The Minister emphasized Venezuela's willingness, at all times, to cooperate with secondary sources that are objective. They were ready to see for themselves what is available, so that the discrepancies can be minimized.

In a briefing to the Secretariat's delegation at PDVSA's research and development headquarters, INTEVEP, Luis Verma, Vice President, Exploration, said Venezuela is poised to raise its oil production capacity and proven oil reserves as it develops the Faja Petrolifera del Orinoco Oil Basin, which covers 55,000 square kilometres of land, and where only one-fifth of the area is currently under exploitation. With an estimated 1.36 trillion barrels of reserve, the area currently produces 600,000 b/d of oil in joint ventures with various foreign companies. PDVSA alone produces 100,000 b/d. Of the 1.36tr b of estimated reserve, 88.6bn b are proven. Work on certification continues at 21 projects. The target of PDVSA is to have a proven reserve of 235bn b by October 2009, with an average recovery rate of 20 per cent.

The development of the Orinoco Oil Basin has been carried out in four phases. The first phase, or the phase of discovery, was from 1935 to 1940. Then came the period of inactivity, which lasted from 1950 to 1970. Phase three is that of exploration and it lasted from 1975 to 1985. And the period from 1990 to date is described as the phase of strategic association.

Right (r-l): Dr Hercilio Rivas, President, PDVSA Intevep; Dr Luis Verma, Intevep, Vice President, Exploration; Abdalla Salem El-Badri, OPEC Secretary General; Ivan Orellana, Venezuelan Governor for OPEC; Dr Omar Farouk Ibrahim, Head, OPEC's Public Relations and Information Department.



Orinoco Oil Basin

Verma noted that while oil from the Orinoco belt is described as bitumen, in reality, it is closer to conventional oil. A number of developments in the last few decades have contributed to raising the potential of the Orinoco Oil Basin to add to the global proven oil reserve and increase the production capacity of Venezuela. These include technology, which has made remote sources of oil more readily accessible, and the processing and refining of non-conventional oil to meet the high environmental standards a lot less difficult.

Equally important in raising the potential of the basin is the increase in the price of oil seen in recent times. With the rise in price, it becomes attractive to invest in producing oil from the basin. A third reason is the increasing world demand for oil, which must be met. And finally, comes the responsibility of the government to provide social services to its people.

Commenting on the government's efforts to develop the Orinoco Oil Basin, Ivan Orellana, the Venezuelan Governor for OPEC, stressed that the government is determined to raise the living standards of the people through the provision of essential services from the proceeds of the

country's oil. He noted that the Venezuelan government sees oil wealth as a vehicle for transforming the lives of the people and empowering them to become contented citizens. He also stated that Venezuela has been benevolent with its oil wealth to its neighbours in the spirit of being "one's neighbours' keepers".

On to Ecuador ...

While Venezuela is poised to supply more oil to consumers by developing its vast oil reserves in the Orinoco Oil Basin, Ecuador, which also has huge reserves in the virgin forests of the Yasuni National Park, is seriously considering foregoing any exploitation of the massive Ishpingo-Tambococha-Tiputini (ITT) oil reserve in return for financial compensation from the international community.

Under a project named the Yasuni-ITT Initiative, it is the government of Ecuador's response to the global call to protect the climate. The advantage is that the biodiversity-rich park, designated by the United Nations Educational, Scientific and Cultural Organization (UNESCO) as a "world biosphere reserve" will be left intact and, in that way,



Ecuadorian Ministry of Mines and Petroleum

Above: Rafael Correa, President of Ecuador, speaking with Abdalla Salem El-Badri, OPEC Secretary General.

Below: The OPEC Secretary General (c), Members of the visiting Secretariat team and Ecuadorean officials take time out for a photo call.



Esam Al-Khalifa

will help in reducing the amount of carbon dioxide emissions that go into the atmosphere. Another reason for the Ecuadorean government's action is that it wants to protect the inhabitants of the Yasuni area, who have expressed a desire to be left untainted by modern civilization, from the encroachment of modernity. This desire can only be respected if their land is not opened up for oil exploitation.

Government responsibility

The government's desire to respect the wishes of the people notwithstanding, it also has a responsibility to the vast population of the country — the responsibility to provide them with social services. This responsibility can better be fulfilled with resources, which are plentiful in the Yasuni. The government is therefore calling on the international community to support it by providing some of what it is going to forego as a result of not exploiting its natural resources. The Yasuni area is one of the many areas with oil deposits. The government is now concentrating on the other areas, one of which is Block 15, a 90-minute helicopter flight from Quito, the capital.

Conducting the Secretary General round the facilities at Block 15, General Manager, Engineer Ramiro Cazar, said the facility, which serves as a collection point for dozens of wells in the block, also has the capacity to produce diesel. He explained that there are plans to expand operations with a view to boosting production.

In a meeting with the Ecuadorean President, Rafael Correa, El-Badri welcomed Ecuador back to the OPEC fold as a full Member, assuring the President that the Secretariat is, at all times, ready to provide whatever assistance it can to Ecuador's oil industry. President Correa welcomed El-Badri and called on the Organization to help sell the idea of the Yasuni-ITT project to the international community, while assuring him of the continuous support of Ecuador to OPEC.

Secretariat presentations

The OPEC delegation made presentations to staff of the state oil company, Petroecuador, and the Ministry of Mines and Petroleum at the Ministry's headquarters. While Esam Al-Khalifa of the OPEC Secretariat's Petroleum Market Analysis Department presented a paper on the current oil market situation, Fuad Al-Zayer spoke on the importance of data to OPEC research activities. Dr Omar Farouk Ibrahim, Head of the Secretariat's Public Relations



Esam Al Khalifa



Esam Al Khalifa

The visiting Secretariat team were able to sample some of the cultural delights on offer in Ecuador.

and Information Department, and Alejandro Rodríguez-Rivas, Head of the Administration and Human Resources Department, gave an introduction to OPEC, discussing the various structures and organs of the Organization, including administrative practices and human resource and recruitment procedures.

In the absence of the Ecuadorean Minister of Mines and Petroleum, Dr Galo Chiriboga Zambrano, who was on mission in Paris, the OPEC Secretary General's delegation was received by the Deputy Minister, Jose Serrano.

The OPEC delegation also took some time out to tour Quito and the surrounding historical towns, including San Antonio de Pichincha, where the equator divides the earth into two equal parts. It was an amazing discovery to know that right on the dividing line between the northern and southern hemisphere one can balance an egg, thanks to the push and pull of gravitation. 🍳



Latin-American Energy Organization



Working for unity and regional integration

By Alvino-Mario Fantini

Dr Carlos Arturo Flórez Piedrahita, Executive Secretary of the Latin-American Energy Organization (OLADE).

Latin American statesmen, philosophers and poets through the centuries, from Simon Bolívar to Domingo Sarmiento and José Martí, have long dreamt of the integration of the countries of Central and South America. Military strategy, cultural identity and multi-ethnic unification have all been considered proper justifications for the pursuit of such a dream.

But the countries of the region today remain quite distant from such a lofty goal. Changing political fortunes have made some bi-national alliances more precarious, while making possible new collaborative arrangements among countries.

But for the past several decades, the mechanism that has offered the greatest promise of finally bringing together the region's countries has been energy integration. In the past five to ten years, in particular, with major oil and gas reserves discovered in Brazil and Bolivia, respectively, and with the promise of further discoveries elsewhere, finding ways to cooperate and unify strategies has become paramount. It is here where the Latin-American Energy Organization (OLADE) is working hard to make sure that efforts at integration receive constant multilateral support.

OLADE was established in Quito, Ecuador, during the energy crisis of the early 1970s. At the time, with little in the way of formal energy policies and facing the

need to deal collectively with the crisis, the governments of many Latin American nations began an intense process of mobilization. On November 2, 1973, the Lima Agreement was drafted. It was subsequently ratified by 26 governments and now serves as OLADE's constitution.

Currently, OLADE's members include: in South America: Argentina, Bolivia, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Surinam, Uruguay and Venezuela; in the Caribbean: Barbados, Cuba, Grenada, Haiti, Jamaica, the Dominican Republic, Trinidad and Tobago; in North America: Mexico; in Central America: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

Restructuring

In November 2007, Dr Carlos Flórez Piedrahita of Colombia was elected by the organization's members (the energy and petroleum ministers from its member countries) as Executive Secretary of OLADE. Flórez, formerly a member of OLADE's nine-member Executive Council, previously worked for the Ministry of Mines and Energy in Colombia. With many years of experience in the private sector as well, Flórez brings a range of experiences to the organization that will serve it well.

In a recent interview with the *OPEC Bulletin* during a visit to the OPEC Secretariat, Flórez explained that his mandate currently includes the restructuring and strengthening of the organization. A stronger more effective OLADE will help foster the integration of the region's energy policies, he explained.

Among the first steps taken when he first assumed office in January, was a thorough restructuring process which had been long overdue. "We changed the structure to be more effective," Flórez said.

For some of the changes, revisions to the organization's statutes were required. OLADE now has a Department of Planning and Projects, and a Department of Integration. Both were created in order to provide specialized support in these areas. In addition, OLADE's annual



“We want to create the conditions — and have governments create the conditions — necessary to give markets the opportunity to work.”

— Flórez Piedrahita



Dr Carlos Arturo Flórez Piedrahita, Executive Secretary of the Latin American Energy Organization (OLADE), with Abdalla Salem El-Badri (r), OPEC Secretary General, during his visit to the OPEC Secretariat in May.

ministerial meetings will now be organized around themes so that those attending can speak specifically about a topic and, thus, perhaps arrive at some consensus on commitments to be made.

Under Flórez, the entire organization was also re-organized into several sub-regions, including Central America, the Andean Countries, the Southern Cone and the Caribbean. Simultaneously, a sub-regional Central American office was established in Guatemala. The main office in Quito will instead oversee the countries of the Andean region. “With these kinds of changes, we want to decentralize our work,” Flórez said. He added that OLADE is also considering opening sub-regional offices in the Caribbean and the Southern Cone. “With four or five sub-regions, we think we will be much more effective in our work,” he maintained.

Founded to coordinate and unify activities and policies in the area of energy, OLADE’s over-arching goal is still integration. Such integration can be achieved simply between two countries, or among more, explained Flórez. Much of this, of course, relies on political will. But it also depends on supply and demand issues, as well as the quality, quantity and price of energy products.

More importantly, perhaps, it depends on the harmonization of policies and regulations across the region. “We, as an organization, need to create compatible regulations [among Member Countries] so that legislation and regulation of the energy sector can be handled similarly and in a compatible way,” he said.

Energy integration

Flórez is quick to point out that it is not just one particular energy source that is of interest. Whether it is fossil fuels, renewables, or nuclear energy, the organization is not going to reject any of them outright. “One cannot be dogmatic,” he said. On the contrary, OLADE studies all energy sources since their final use depends on the availability of the resource base in each country.

To date, OLADE’s Member Countries have provided constant support for its mission. The nine members of the organization’s current Board of Directors include Argentina, Brazil and Mexico, each of which is a very strong global energy player. To a degree, said Flórez, they help to set the tone and the pace of OLADE’s work. But other countries, too, regardless of their size, have made commitments to participate in the integration efforts. In fact, since energy integration can be seen as primarily a technical matter, many countries are willing to work together, despite possible political differences.

“We are all very rich in natural resources,” Flórez added, giving several examples: Colombia has a lot of hydroelectricity; Venezuela is rich in hydrocarbons; Bolivia has growing reserves of natural gas; Brazil, too, recently discovered significant oil reserves. With these resources, there is simply no reason why the region’s countries should not work together to combat the poverty that has afflicted our people for centuries,” he said.

In the same way that Latin America’s natural resources are spread around the region, so is the market for such resources. There is no reason for this, said Flórez. Part of OLADE’s mission, then, is to try to work through national governments to achieve the integration of these energy markets. Equally important, he said, is to try to identify those countries that have had the greatest success



Dr Carlos Arturo Flórez Piedrahita, with the Bulletin's Alvin-Mario Fantini (r).

in developing their energy resources and to share their experiences with other countries, so that they may emulate them.

For example, Mexico has achieved impressive energy efficiency over the years. This is something from which many other countries can benefit. Brazil, too, has advanced a lot, especially in the use and development of biofuels. “You have to study these things depending on the characteristics and the conditions of the country,” Flórez said, so that the opportunities that one country offers can be used by another. “We want to obtain the strengths of one country to cover the weaknesses of another,” he contended.

Attitude change

This vision of a collaborative and cooperative Latin American and Caribbean region, with complementary energy sectors, is part of OLADE’s vision. That is its goal, and although it is primarily the private sector that helps develop these activities, Flórez said that OLADE must first work through governments. “We want to create the conditions — and have governments create the conditions — necessary to give markets the opportunity to work,” he said. OLADE must encourage the governments of its Member Countries to change their attitudes, develop

necessary legislation and harmonize their energy sector regulations, so that future integration is possible.

The work has to start at the governmental level, explained Flórez. If governments do not first change their legislation, then it is very difficult for consumers and industry to behave differently, he said. “If we don’t create consciousness in governments, which is our main challenge, it is very difficult to reach people.”

OLADE will continue to operate between governments, trying to get them to work together in a spirit of collaboration to solve collective problems. But the organization also recognizes that a fundamental switch in mentality is required for consumers to change their behaviour and consumption patterns, so that they “become more aware of the use of energy.” For this, we need a region-wide campaign of information, so that we raise people’s awareness about the use of existing energy resources and increase their knowledge of alternative sources.

Looking ahead, Flórez said OLADE will try to become more effective and instrumental in regional integration efforts. With the informational and policy challenges ahead, he said stronger relationships among member countries, as well as increased collaboration and the political integration of energy-related activities and frameworks, are all imperative if the chronic poverty that has long-afflicted Latin America is ever to be reduced. ❁



Wanted:

The energy industry cannot thrive without know-how. And that is the human dimension. It is the cog that drives the industry forward. However, over the past decade, concerns have emerged over shortages in the human resource skills base. Some suggest that this could potentially limit the industry's development, a topic that has been the focus of many industry studies.

James Griffin examines the challenges and highlights some of the solutions proposed.



Human resources

The global energy system is at the heart of almost everything we do. It impacts us as individuals, as countries, and as a global community. And it is clear that the growing interrelationships between energy, economic growth, the protection of the environment and social progress will see its importance advance further.

To support such a global industry requires significant human resources; important not only to the industry today, but also to its future. Currently, however, there are concerns as to the adequacy of the human resource skills base, due to a number of factors.

These include a scaling back of the energy sector's recruitment in the last decades of the 20th century. Then, many institutions significantly reduced the numbers taking energy-related studies as the industry's demand for graduates lessened. It needs those numbers today. In recent years, there has also been a dramatic expansion in the service and emerging knowledge economies, which

has led to fierce competition for talent. Additionally, there is a large section of the industry's workforce, particularly what many call the 'baby boomers' that entered the industry in the 1970s, that are rapidly approaching retirement.

Set alongside this has been the energy industry's recent considerable expansion that has led to calls for more skilled personnel. Those calls have not always been met. And going forward, it might be expected that these calls will become even louder as the industry continues to expand. What is clear, is that the energy industry, as a whole, needs to expand and evolve its human resource skills base.

A number of recent reports underline the industry's predicament. According to a survey by United Kingdom-based Energy Institute, Deloitte and Norman Broadbent, which specializes in the search for executive talent in the energy industry, over 70 per cent of energy companies expect their future operations to be hit by shortages of



skilled personnel. The main shortage area is for technical specialists, in particular engineers, though the survey highlights that there is a wide variety of skills being in short supply.

The survey of senior energy company management, individual employees and human resource specialists, conducted between 2005 and 2007, also found that around 50 per cent of the international energy workforce is expected to leave the industry in the next decade, mostly through retirement. At the same time, internal training programmes are not delivering enough personnel to replace them at the senior level, despite the fact that the majority of company respondents see quite substantial future growth in staff size.

The figures are clear and the potential implications could lead to much head scratching and many sleepless nights. Imagine, having to replace half your workforce in the next ten years!

For many, there are significant challenges ahead. In fact, a survey of energy industry human resource leaders by Ernst & Young, reveals that the difficulty of adequately replacing skilled and experienced workers is considered one of the “top five business challenges” for growth.

What is also apparent is that there is no real short-term solution. The general industry perception is that quick “band-aid fixes” are not the answer. The industry must look long-term. The expected major future oil and gas developments, the renewables evolution and any

possible rebirth of the nuclear industry, will not happen overnight. It is an industry that is usually characterized by long lead times, and often long payback periods, which means it needs employees that view the industry as a long-term profession. As the Energy Institute report states: “It cannot behave like a boom and bust industry, but must invest in its people if it is going to keep up in the technology stakes.”

The question is: how can the industry find, hire, train and keep talented people?

Ways forward

The Energy Institute report offers up a number of recommendations, with a particular focus on employers making the industry more attractive. This might be through company employment policies, remuneration packages, and re-skilling and cross-training to combat the accompanying decline in scientific, engineering and technical (SET) skills possessed by new entrants. The industry needs to be well presented as a prime employment choice.

Additionally, it will be important for the industry to be more innovative in its methods of training and development employed, looking for efficient and effective ways of benchmarking employees’ competence and giving them the experiences and support to develop the skills required. Training needs to be focused and tailored for both individuals and companies.

Key findings of the survey conducted by the Energy Institute, Deloitte and Norman Broadbent

The findings are segmented by the survey target audiences: companies, individuals and HR professionals.

Companies

Over 70 per cent of the energy companies surveyed believed they would not have sufficient leadership talent to meet the industry's future challenges;

Poaching competitors' employees was expected to be an issue, with most companies perceiving themselves as potential victims, rather than perpetrators; and

Internal training and development programmes are delivering insufficient numbers of trained personnel to develop into senior roles.

Individuals

Energy professionals have traditionally been very loyal to their employers, leading the industry to expect stability among its workforce (90 per cent of under 35s expect to stay in the energy industry for more than five years). However, with the general trend in working life moving towards greater mobility, will the energy sector be able to adapt to increased staff turnover?

Two-thirds of the individuals polled declared a high degree of job satisfaction and even more would recommend a career in the industry to a new graduate;

A fulfilling and challenging job together with a good work-life balance has superseded salary as the overriding reason to choose a career in the energy industry; and

The average age of the workforce in the sample was 45. Fifty per cent of respondents are expected to leave the industry in the next decade, mostly through retirement.

HR departments

The main shortage area was for technical specialists, in particular engineers. The level of specialization required in many cases led to recruitment being mostly from within the industry;

They perceived a lack of interest in the industry as a bigger barrier than the lack of skills in recruiting outside of the industry;

Competition from non-technical commercial sectors for the graduate pool was an issue — attracting even technically qualified people; and

In order to find the right levels of skills, most companies still predominantly and actively seek more experienced workers.



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There has also been much discussion about making better use of those about to leave or retire. Employers need to take better advantage of the experienced workforce they have, to combat the rapid strides towards larger-scale retirement year-on-year. These might be through mentoring schemes, or making the best use of re-hires. Skills need to be passed on to make sure that knowledge that already exists is not lost.

And, if necessary, the industry will need to expand the range of potential employees by diversifying beyond its traditional market, and perhaps looking to recruit from countries where SET skills are in greater supply.

It points to the need for a company to be more crea-

Energy Institute proposals for some immediate actions for the industry

- Upgrade skills of existing and future workforce, including investment in in-house training and development programmes;
- Consider alternative sources of employment, including overseas workers, returners, consultants and the retaining of 'retired' staff;
- Engage with universities to offer technical support, student placements and allow recruits to return to university to promote the industry to future graduates; and
- Overhaul the appearance of the industry to potential recruits, making it clear that the energy industry as a whole offers a worthwhile and fulfilling long-term career.

tive; to do something more innovative to distinguish it from others. In the end, human talent will increasingly prove to be an organization's most distinctive competitive advantage. And, in an industry expected to witness huge development over the coming decades, competition for the human resource can be expected to be extremely aggressive. Planning ahead will be paramount.

Support for universities

A particularly important area for the industry is making sure it has significant involvement in developing and nurturing its new and potential graduates at an early stage. The focus is on cultivating a better liaison between industry, universities and the profession. Sarah Beacock, Professional Affairs Director, Energy Institute, says: "Support for universities from industry is critical to help the development of potential future employees. The energy industry is an exciting career option for young people and offers some of the biggest technological challenges of the future."

One such project that is generating many headlines across the world is the United Arab Emirates (UAE) Masdar Initiative. The aim is for the UAE to proactively engage the world's best minds and organizations to envision a cleaner, more sustainable future: a global leadership platform to create new ideas, breakthrough energy and environmental technologies and determine the commercial basis for their widespread adoption.

One of the key prongs of the Initiative is its investment in human capital to develop the scientific and human talent required. Its Masdar Institute offers Masters and PhD programmes in Science and Engineering disciplines, designed to attract top-level talent from local and international universities. This includes the establishment of the Masdar Institute of Science and Technology (MIST), the Middle East's first graduate-level, research-driven scientific institution focused on energy and sustainability, in cooperation with the United States organization, the Massachusetts Institute of Technology. MIST also encompasses the Masdar Research Network (MRN), a group of universities across the world conducting advanced research in energy and sustainability technologies.

Ahmed Ali Al Sayegh, Chairman of Masdar, says: "[It] will assist Abu Dhabi in maintaining its position in the global energy market over the long-term. Masdar will also be a key resource in nation-building, by developing the human capital that will help create and lead a new UAE scientific and research culture."

Shutterstock

Work to be done

Masdar highlights that there are initiatives being put in place to help meet the industry's human resource challenge and the Energy Institute report also offers up a number of positives. It stresses that almost 75 per cent of those employed in energy have enjoyed their career and would recommend it to others. And younger respondents are expected to remain in the industry and even the same company for five years or more. Despite these findings, however, it is clear there is much work to be done.

Given the nature of the energy industry, it is difficult to imagine a more pertinent topic than human resources. It is the lifeblood of any organization. Where would any company be without versatile and flexible employees, who have both technical knowledge and solid people skills? There is certainly much for the industry to ponder, and take action on. It requires concerted efforts from all stakeholders to restore this essential capacity, by facilitating education and training in energy disciplines, and making the industry an attractive career option. 



Carbon Capture and Storage

Existing technology good enough to take innovative process to next level

The potential of carbon capture and storage (CCS) to help society adapt to a more carbon-constrained world has been much lauded of late. The OPEC Bulletin's Steve Hughes recently attended a lecture by Schlumberger Carbon Services Vice President Hanspeter Rohner — someone who has been involved in the fledgling industry from the very beginning — to find out just what sort of future he thinks CCS has.



CCS: Facing up to the future

“Of course there are going to be challenges,” says Schlumberger Carbon Services Vice President Hanspeter Rohner. “But I think there is enough experience in the oil and gas industry to handle most of the challenges that are going to come our way.” In Vienna to deliver a presentation as part of the Society of Petroleum Engineers’ Vienna Basin lecture circuit, Rohner is referring to the testing times that lie ahead for the energy industry — and society as a whole — as it attempts to adapt to the evolution toward a more carbon-constrained world.

The challenges involved are not insignificant — especially given that fossil fuels are expected to retain their position as the leading global energy source for the foreseeable future. But Rohner, like many in the energy industry, is facing the future head on.

As the world’s foremost supplier of oil and gas technology and project management solutions, Schlumberger has long been interested in one of the major possible solutions to the carbon issue: “We began looking at carbon capture and storage (CCS) around ten years ago,” he explains. “I’m not a scientist, but I’m listening to what thousands of scientists have been working on.”

In the news

Right on cue, just days before the Vienna lecture on the methodology and technology required for the geological storage of carbon dioxide (CO₂), the gas hit the headlines once more. Newspapers everywhere reported that the carbon issue was worse than first thought. This prompted industry experts to call for faster progress: ‘We need to get better at carbon capture and sequestration very quickly,’ came the message.

But Rohner does not need reminding and heeded the signals long ago. As far as he is concerned, CCS already represents a practical solution. Although he recognizes that the technology will evolve over time, he argues that the oil and gas industry’s existing tools are perfectly good enough for the time being.

“Today, we have to live with what we have,” he says with a shrug. After all, CO₂ is frequently used for enhanced oil recovery across the industry.

To prove his point, Rohner embarks on his lecture and reels off an impressive list of Schlumberger Carbon Services’ CCS achievements to date. Although only three examples of large-scale commercial projects currently exist — they are Sleipner, owned by Norway’s Statoil; In Salah in Algeria, a joint venture between BP, Statoil and Sonatrach (*see OPEC Bulletin January 2008*); and the Weyburn oil field project in Canada

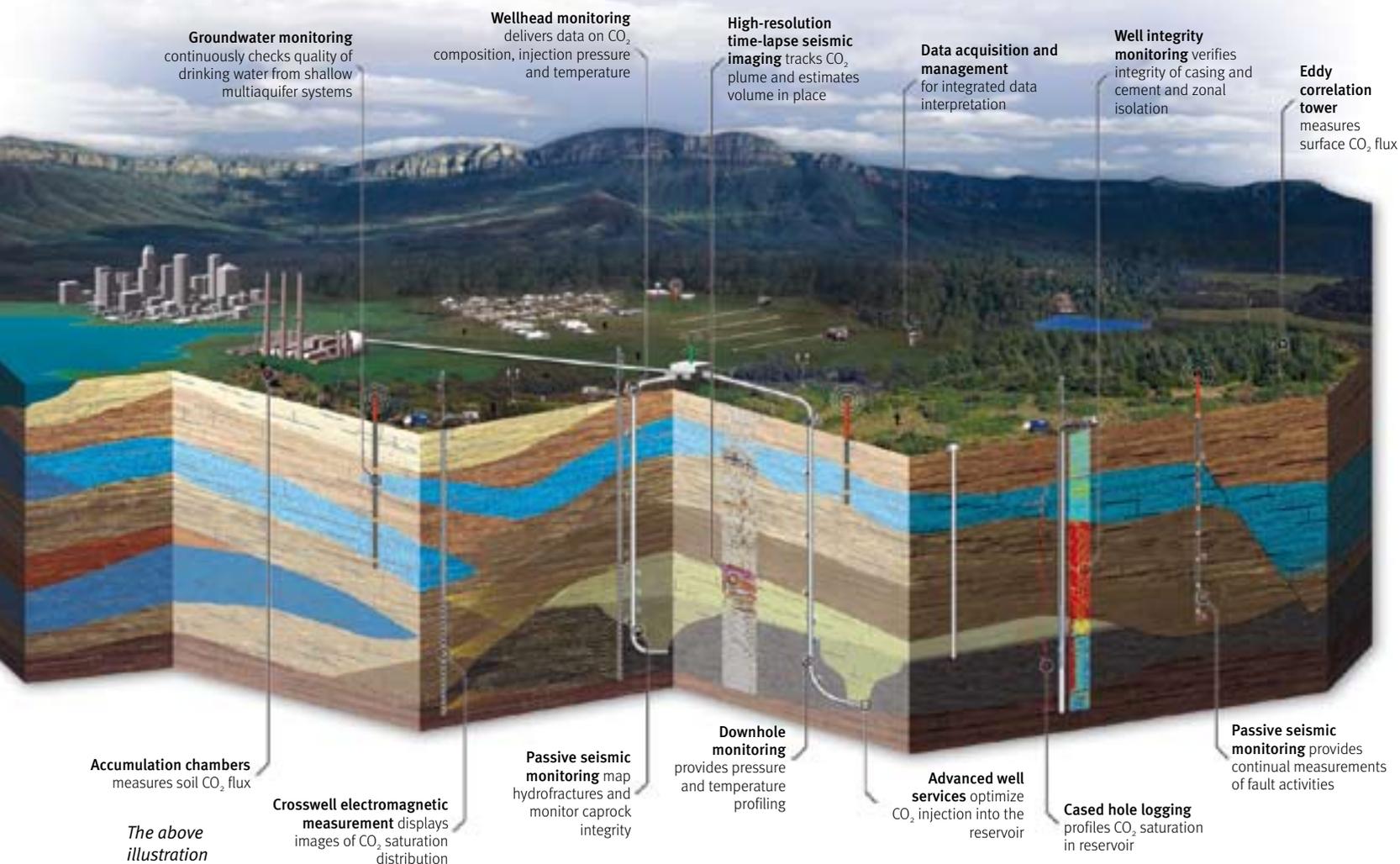
— Rohner and his colleagues have been involved in them all. In addition, they’re engaged in many more earlier-stage projects across the United States, Europe, Australia and Japan.

Further illustrating the relevance of today’s technology, Rohner addresses the nitty-gritty. He describes the rigorous screening and selection of potential CCS sites and the extensive subsurface characterization necessary to establish whether a particular geological formation meets the requirements for the long-term injection of CO₂. He talks about designing site-specific injection and monitoring systems for long-term CO₂ storage to



Hanspeter Rohner, Schlumberger Carbon Services Vice President (photo: Schlumberger).

Above: An illustration of Statoil’s Sleipner field.



The above illustration shows elements of a typical CCS process.

Source: Schlumberger

control the risks associated with all phases of a project. He even explains how decommissioning occurs when a geologic repository reaches capacity, or injection ends. And it is not just talk. Rohner has a multitude of examples of where Schlumberger has already employed such practices, or is doing so right now.

But, according to Rohner, a number of obstacles to the large-scale adoption of CCS still remain. High up on the list is the public acceptance issue.

“It is very important that if you want to inject CO₂, you’re going to have to have the consent of the people that you’re going to inject it under,” he explains. “This kind of ‘not in my backyard thing’ is very acute.”

To illustrate what’s at stake, Rohner shows a slide of Lake Nyos — a crater lake in Cameroon that contains potentially lethal levels of CO₂ as a result of a pocket of magma beneath. Back in 1986, possibly triggered by a landslide, the lake suddenly emitted a large cloud of CO₂, reportedly suffocating 1,700 people and more than 3,000 livestock in local villages.

Thankfully, Rohner predicts nothing like this sort of future calamity for CCS. Judging by what he says, Schlumberger’s detailed site assessment, characterization, design and construction and monitoring programmes are comprehensive and have all eventualities sewn up.

“We put heavy emphasis on what we call performance and risk management,” he explains. However, he is well aware that good science will not always be enough to soothe a nervous community that is about to have millions of tonnes of CO₂ injected underneath it. “Containment — well, I said before — it is kind of an emotional thing,” he affirms.

Risky business

Issues surrounding liability have the potential to be similarly — if not more — obstructive to large-scale CCS projects. “I would not inject one kilo of CO₂ if I did not have my risks mitigated,” admits Rohner frankly.

The In Salah gas project in Algeria, which is breaking new ground in the development of carbon capture and storage. Pictured is Sonatrach's Krechba plant.

Sonatrach

And until legislation is passed to clarify where a company or government stands, for example, when it abandons a reservoir after injecting CO₂ into it, many will feel the same, he maintains.

Rohner expects that, eventually, CCS licences will insist on lengthy monitoring periods, once injection has ended. But work on legislation is already well underway. At the beginning of the year, a conference in Brussels brought together a vast audience comprising representatives of the European Parliament and Council and stakeholders from industry to consider a proposed CCS regulatory framework adopted by the European Commission. The proposal is now set to be discussed in the European Parliament and Council itself. Australia and the US are making similar strides.

“We will probably get some sort of legislation sorted out at the beginning of the next decade [so] we can start to inject in large quantities,” says Rohner. “But not before.”

And then, of course, there is the cost. Just like in the oil and gas industry, exploratory work means money — as does the infrastructure required and the monitoring processes involved.

According to Rohner, a cost of hundreds of millions of euros for transportation pipelines alone is not out of the question. Total cost estimates vary wildly from around \$20 to \$270 per tonne of CO₂ avoided. Such cost depends on technology, CO₂ purity, site characteristics and a multitude of other variables. Many argue that the cost of capture needs to be at the low end of this spectrum if the technology is to be widely adopted. But this

is not too ambitious a requirement. The costs may come down — as they do generally — when a technology is commercialized.

Similarly, Rohner argues that the cost of carbon (currently traded at about €26 per tonne under the European Union Emissions Trading Scheme) is simply too low to inspire large-scale adoption. He says that it was primarily the existence of Norway’s carbon tax (of around €50 per tonne) that made Sleipner economically viable. “A system has to be put in place so you can actually put a project on its feet,” he says.

Rohner reckons that for CCS to make the difference that the most ambitious politicians are calling for, the planet needs thousands more Sleipners. Bear in mind that the North Sea gas rig injects more than one million tonnes of CO₂ every year, and the challenges that Rohner referred to at the beginning of his lecture are once again clear.

But he remains unruffled: “I tell you what — if the politicians are serious about this and there is a cap on emissions, the CO₂ price will be high enough.”

CCS at a glance

- CCS is a three-step process involving the capture of CO₂ from power plants or other industrial/natural sources, its transportation (usually via pipelines) and its geological storage in deep saline formations, depleted oil and gas fields, or other similar sites.
- According to official estimates, CCS could account for between 15 and 55 per cent of the total worldwide carbon mitigation effort up to 2100.
- Large-scale commercial CCS projects currently exist in Algeria, the North Sea and Canada.

Carbon dioxide extracted by Statoil's Sleipner in the Norwegian North Sea is stored 1,000 metres below ground instead of being released into the air.

Dag Myrstrand/StatoilHydro



Austria's energy powerhouse

By Alvino-Mario Fantini



“Energy will, to a large degree, determine the future wealth of mankind. Without energy, there will be no economic progress.”

— Helmut Langanger (pictured),
Member of the OMV Executive Board
and Head of the E&P Division.

If you've ever taken the City Airport Train from Vienna International Airport to Wien-Mitte train station, you've undoubtedly encountered OMV. The company's stylized blue and green logo is emblazoned on the sides of hundreds of cargo units, railway cars and storage tanks seen along the way. However, this local ubiquity belies the Austrian state energy company's extensive investment activities and global international role.

Originally founded in 1956, as a wholly state-owned enterprise, the Vienna-based company has grown over the past half century into an integrated international energy corporation. In 1987, the company was partially privatized. Although 31.5 per cent of shares outstanding are owned by the Österreichische Industrie Holding AG (OIAG), the Austrian state's investment and privatization agency, 17.6 per cent is in the hands of the International



KCA DEUTAG





Petroleum Investment Company (IPIC), an investment arm of the Abu Dhabi government, while the balance of 50.9 per cent is owned by institutional investors around the world.

Though OMV may not necessarily have the name recognition of, say, Saudi Aramco or ExxonMobil, it conducts vigorous activities abroad and its financial results are far from anaemic. Last year, the company had consolidated sales of a little more than €20 billion, while earnings before interest and taxes (EBIT) amounted to €2.18bn, an across-the-board increase of six per cent over the previous year.

Considered a second-tier player, the company is, in fact, the largest stock exchange-listed industrial company in Austria with a market capitalization of €15bn. It employs 42,727 people worldwide and judging from the flurry of news releases over the past ten months, and from its own strategic vision for 2010, it has positioned itself as the number one oil and gas company in Central Eastern Europe. A number of well thought out acquisitions over the past few years, and several key strategic investments in several core regions bear this out.

Refining and Marketing made up 81 per cent of group sales in 2007. But it is in the firm's Exploration and

Production (E&P) Division that OMV really shines. The company's current proven reserves stand at 1.22 billion boe and daily production volume is 322,000 boe. OMV aims to increase this level to 500,000 boe/d by 2010. Headed by the dynamic Helmut Langanger, Member of the Executive Board, and Head of the E&P Division, OMV has a balanced international portfolio in 21 countries across the world. More importantly, it has deep country knowledge built up through its long-term involvement in areas of the world that other, less intrepid companies, have ignored. In fact, its presence in some of OPEC's Member Countries goes back decades.

The Islamic Republic of Iran

In Iran, which has the second largest gas reserves and the third largest oil reserves in the world, OMV is involved in two main activities. The first entails an exploration licence acquired in 2001 to conduct exploratory work close to the city of Ahvaz, a major oil centre, in the southwestern province of Khuzestan, bordering Iraq and the Gulf. With 34 per cent participation, OMV is the lead operator of a consortium that includes Spain's Repsol and Chile's Sipetrol, each with 33 per cent. "It's a good partnership," said Langanger.



OMV, with a market capitalization of €15 billion, employs over 42,700 people worldwide in a development portfolio that is growing with each passing year.





The consortium discovered oil in 2005 and found additional crude in the block in 2007. Based on the positive results from the first well, with estimated reserves of around 100 to 150 million barrels, a Master Development Plan is being prepared, which will form the basis for moving forward to the production stage. All of this will be negotiated with the National Iranian Oil Company (NIOC).

A second possible activity in Iran is an integrated project involving the South Pars Field, originally discovered by the NIOC in 1990. This major, 24-phase, offshore project will bring together upstream, midstream and downstream activities. "South Pars is the single largest gas field in the world with huge, huge reserves," says Langanger. The field is border-crossing to Qatar, where it is called North Dome. The field's total gas reserves are estimated to be around 1,900 tcf (53.8 tcm).

In April 2007, OMV signed a Memorandum of Understanding (MOU), the first step towards the upstream stage of the project, with the NIOC. Since the field has been divided up into smaller pieces, the MOU speci-

fies that OMV will work specifically on the South Pars XII parcel. A local subsidiary of the NIOC, called Petropars, currently has 100 per cent participation, but the MOU states that OMV will acquire a minority stake of this, says Langanger.

The second stage of this project, currently under negotiation, involves the building of a midstream LNG facility. Langanger says OMV's gas division is negotiating for a ten per cent share of this facility. The third (and final) stage is also being negotiated, he adds. Eventually, OMV would like to see three bcm/y of LNG sourced from South Pars being exported to and sold in Europe.

While upbeat, Langanger acknowledges that not all aspects of the integrated project are going along at the same speed. "We in the upstream [division] have finished most of the issues. But I think the midstream part is less advanced because our people [there] got access to data for the due diligence a little bit later than us," he says. "So they haven't progressed as fast." But once the gas division has caught up, and once OMV has nailed down all

three pieces of the integrated project, Langanger says the company will be able to finish agreements with the NIOC.

“We’ve always said that we will only pursue this project if we can take part in all three elements — upstream, mid-stream and downstream,” says Langanger. This means that the entire bundle of related activities has to be worked out carefully. But Langanger seems confident that all the pieces will come together harmoniously. “However, at the moment, it would be too early to announce a concrete date for a final agreement.”

Iraq

In Iraq, OMV is also involved in some very promising exploratory drilling. Back in November 2007, the company acquired two licences from the Kurdish Regional Government (KRG) to perform exploratory work on two blocks in Kurdistan, close to the capital of Erbil, in northern Iraq. These are the Mala Omar and Shorish blocks. The KRG has extended licences to OMV giving them until November 2010 to complete their seismic testing and exploratory drilling.

Langanger says OMV expects to start drilling the first well sometime in 2009 and the second one in 2010. “We believe these are highly attractive blocks, so the potential is high,” says Langanger. “But the jury is still out.” Additional studies still have to be carried out.

In an aside, Langanger points out that despite what others may say, the biggest challenge of doing work in Iraq today is simply that there is no federal oil law in place yet. “It’s being discussed,” he says. “But the details have not been finalized yet.”

While such legal challenges are often a feature of some oil-producing countries, Langanger says the KRG and local authorities in Iraq are more than willing to establish formal, cooperative agreements with foreign companies. Things look very promising in Iraq.

Above right: Gholamhossein Nozari (r), Minister of Petroleum of the Islamic Republic of Iran, and Helmut Langanger (l), Member of the OMV Executive Board and Head of the E&P Division, signing an agreement between Iran’s NIOC and OMV in April 2007 for participation in the development of the South Pars gas field and the construction of an LNG plant.

Right: Not all of OMV’s activities in Iran have to do with oil. In January 2004, the company contributed \$40,000 to rebuild the so-called Austria School in Bam, Iran, 80 per cent of which was destroyed by the Iranian earthquake in December 2003.





“We like Libya because we have been there for so many years — in good days and in bad days — we like each other.” —

Langanger

Socialist People’s Libyan Arab Jamahiriya

The jewel in the OMV crown outside Europe, however, seems to be Libya. Here OMV has been active for decades — in exploratory work since 1975, and with production activities since 1985. “Libya used to be our single most important international country in the portfolio,” says Langanger. “It still ranks number one, along with Romania,” he adds.

Over the years, OMV’s local partner has consistently been the Libyan National Oil Company (NOC). “We like Libya because we have been there for so many years,” says Langanger. “In good days and in bad days — we like each other.”

The company’s current E&P work in Libya is all primarily in the Sirte and Murzuq basins. In the former basin, which ranks 13th among the world’s petroleum reserves with proven oil reserves of 43 billion barrels, OMV is partnering with Occidental Petroleum of the US.

In the Murzuq basin, OMV has partnered with Repsol, Total and Norway’s Statoil. “We’re here together with





From its own strategic vision for 2010, OMV has positioned itself as the number one oil and gas company in Central Eastern Europe.





reputable European partners and it's a very good partnership," says Langanger.

Langanger says OMV, together with Occidental, is planning \$5 billion in investments in Libya over the next few years. But he is careful to note that this investment is for the re-development of oil fields originally developed decades ago. Langanger explains that since every five, six or ten years, there is a new wave of technology, one can go back and do "more and better" and essentially "revive" an oil field. "This is what we're aiming at in this package."

Country relations

OMV's portfolio of 21 countries is "a good mixture of OECD countries and resource-rich countries," says Langanger. The diversified nature of the company's country portfolio allows it to reduce its exposure to risk in one country or region of the world. "We are not resting on one pillar, or on one leg only; we are resting on many, many legs."

In fact, the question of risk, inherent in the oil business, is something that brings the classic oilman out in Langanger. It's in the nature of the oil business to often be in difficult areas, he says. "I always tell my Board of Directors," says Langanger, with more than a little enthusiasm, "that I have to go where the oil and gas is. I cannot go to San Marino and to Andorra, Paris and New York to dig for oil there!"

It is the skill of an oil company, he adds, to deal with countries which are partly in difficult situations. In fact, OMV's long-term involvement in some of these countries has provided it with valuable expertise.

It has also provided the company with opportunities to give something back to their host countries. "It is our obligation and our duty to train as many locals as possible and familiarize them with the skills — and the art — of our business," says Langanger. It is, he says, after all, their oil and gas. "OMV is just there on a temporary basis, as a guest."



Above (l-r): Gerhard Roiss, OMV Deputy Chairman; Mohamed Nasser Al Khaily, former Managing Director, International Petroleum Investment Company (IPIC); and Helmut Langanger, Member of the OMV Executive Board and Head of the E&P Division.



Above right (l-r): Dr Heinz Fischer, Austrian President; Dr Wolfgang Ruttenstorfer, OMV Director General; and Helmut Langanger.

Global trends

Asked to survey the global panorama, Langanger takes note of several global trends. “Energy will, to a large degree, determine the future wealth of mankind,” he says. “Without energy, there will be no economic progress.” Furthermore, he says emphatically, there is little reason to think that oil will be displaced as the main engine of world economic growth.

He elaborates: “Currently, oil and gas cover around 60 per cent of the world’s energy, both supply and demand.” And since even the best renewables will only ever capture ten or 15 per cent of the world’s energy demand in the next 30 years, oil and gas will continue to play a dominant role.

In addition, Langanger says that coal, which currently provides 20 per cent of the world’s energy supply, will experience a revival over the next 30 or 40 years. Thus, in the formidable mind of OMV’s head of E&P, oil, gas and coal will continue to contribute 70 to 80 per cent of the world’s energy supply.

Of course, this has tremendous implications for OPEC. With 77.6 per cent of the world’s proven oil reserves situated in Member Countries, and with the 100-year life-indexes of oil reserves in Saudi Arabia, Kuwait, Iran, Iraq and the United Arab Emirates, OPEC is well-positioned to

play an increasingly important global role in the coming years. And with no replacements on the horizon, oil and gas will remain valuable commodities.

“This is the reason why I’m a 100 per cent sure that OPEC will become even more important in the future,” says Langanger. Organizations like OPEC can only gain in influence, he says, because only they will be able to provide something that the world desperately needs. Thus, OPEC will be responsible, to a large degree, for the “further prosperity of the world,” Langanger says. “Without oil and gas there is no economic development.”



Mohamed Bin Dhaen Al Hamli (l), Minister of Energy of the UAE, and Gerhard Roiss, at the inauguration of OMV’s Abu Dhabi office on May 13, 2007.

All photographs in this article, courtesy OMV.



ASPIRE
Academy for Sports Excellence
أكاديمية التفوق الرياضي

Qatar — aspiring to sporting excellence



By Steve Hughes

In energy industry circles, the small Gulf Emirate of Qatar is renowned for its stable crude oil supplies and growing gas capability (it became the world's leading LNG exporter in 2007). But there is a side to this fast-developing and exciting country of 800,000 people that is even threatening to put its petroleum prominence into the shade. Qatar possesses what can only be described as a spectacular sports academy, which is providing hundreds of young athletes with a chance to become world champions in their chosen disciplines. In boasting some of the best training and sport science facilities to be found anywhere in the world, ASPIRE is leading the way in fostering a strong sporting culture by educating communities about the benefits of an active and healthy lifestyle. The venture is also strengthening the state's position as a centre of sporting excellence.

Theatre of dreams

'There is a place for those who dare to dream' is a mightily-brave advertising slogan in anyone's book. And it appears especially courageous when used by a relatively new sports school that is full to bursting with talented, but impressionable, young students, all desperately keen to emulate the legendary achievements of their sporting heroes.

But this isn't just any ordinary sports school. This is ASPIRE — Qatar's visionary sports academy that has risen from Doha's desert sands, like a beacon of hope for sports-mad youngsters from across the Arab world. "The original idea and inspiration came from His Highness Sheikh Jasssem bin Hamad Al Thani," explains Dr Andreas Bleicher, ASPIRE's Sports Director. "[His Highness] recognized the enormous potential for good that a dedicated academy of athletic and educational excellence could have, both for the children of Qatar and for the sporting reputation of Qatar as a whole."

Established in 2004, with support from the government, ASPIRE boasts some of the biggest and best state-of-the-art sporting facilities the planet has ever seen. As a result, its PR machine claims, it is set to realize the dreams of children everywhere.

And those with enough promise to be accepted onto the academy's books would not be blamed for dreaming very big dreams indeed. That is because ASPIRE's vision is to discover the most talented individuals



Dr Andreas Bleicher, ASPIRE Sports Director.

Aspire today ... inspire tomorrow

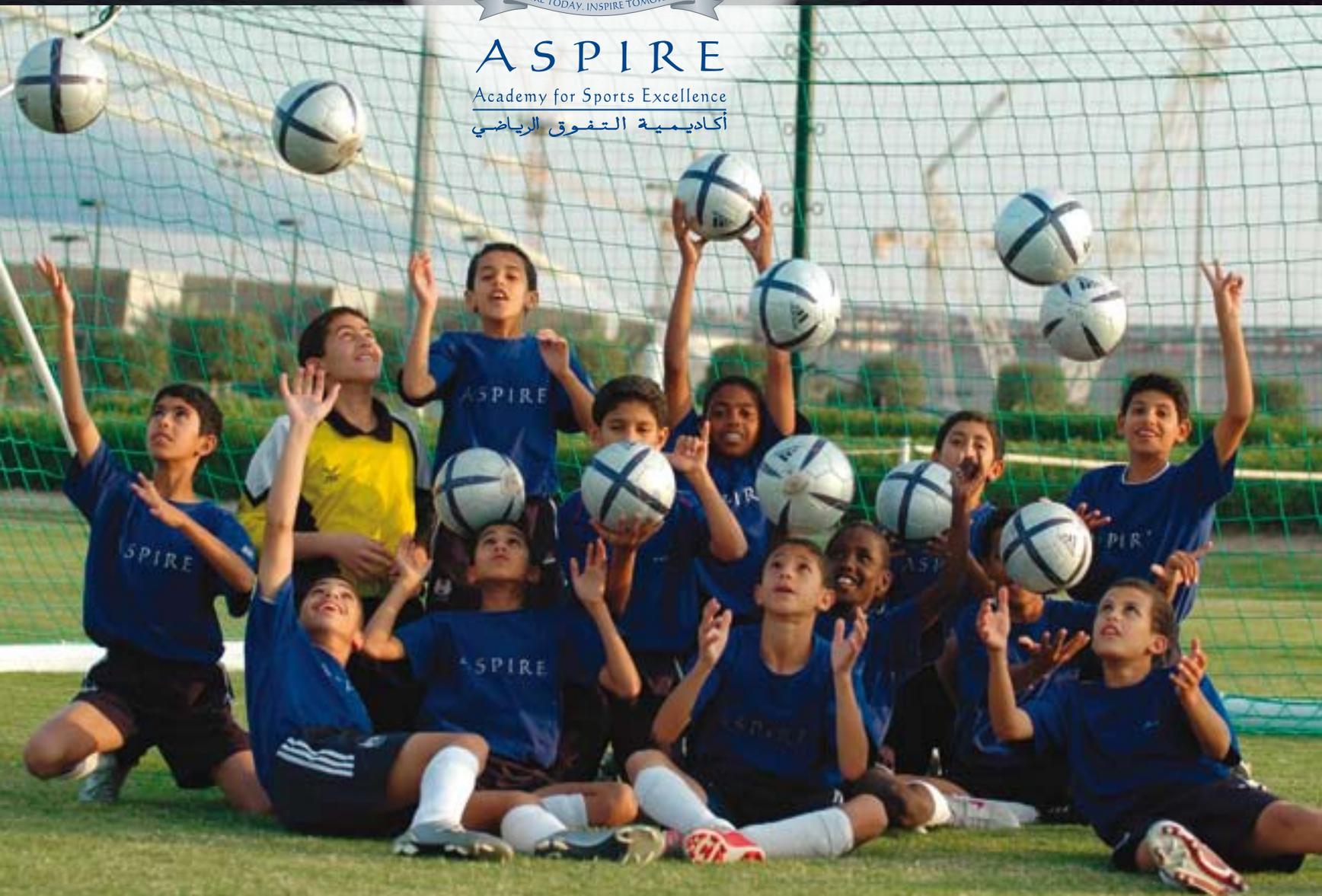
— the Academy's motto



ASPIRE

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أكاديمية التفوق الرياضي



from across the region and to turn them into world-renowned champions.

Given the academy's resources — they are, quite simply, unparalleled — this does not appear an overambitious goal. Its indoor multi-sports dome — the largest in the world — comes replete with high altitude, movement and power analysis laboratories, two football pitches, an athletics track, an Olympic-sized swimming and diving pool, a gymnastics hall, eight fencing strips, a medical-cum-physiotherapy centre, 13 table-tennis courts and more. Outside — and nor is this an exhaustive list — there are a further seven football pitches, tennis courts and another running track.

The chosen few

Then again, ASPIRE is not looking to attract just anyone. The academy's innovative Talent Identification Programme is as thorough as they come. Working in close coordination with Qatar's Ministry of Education, the Supreme Council of Education and the Qatar National Olympic Committee, the programme tests all boys and girls in grades six and seven throughout the state's school system. "Students are tested on body shape characteristics, physical characteristics (lower body power, upper body power, distance throw, speed and endurance), agility and motor coordination," elaborates Bleicher, who knows a thing or two about what makes a good athlete. Before joining ASPIRE, he was Director of both the Olympic Training Centre in Germany and the German Coach Academy — the highest institution for coaches in Germany.

Geographical boundaries are readily traversed in the quest for the best of the best. "While the vast majority of our students come from within Qatar, ASPIRE also offers a scholarship programme to talented children from developing countries," explains Bleicher. "A number of pupils from African countries are currently members of the ASPIRE community. In part, the aim of bringing talented students from abroad is to raise the overall level of skills within each sporting discipline at the academy, so that excellence breeds further excellence, particularly in team sports."

A case in point is the 'ASPIRE Africa — Football Dreams' project. Billed as the 'world's biggest football talent identification programme of all time', it whittled away 430,000 hopefuls from across Cameroon, Ghana, Kenya, Morocco, Nigeria, Senegal and South Africa into a squad of just 23 boys, for final trials in Doha. The search involved 26,000 football matches on 700 differ-

ent pitches. And it seems it has been more than worth the effort. "The standard of the ASPIRE Africa team is phenomenal," says ASPIRE Project Manager Josep Colomer. "We have hosted matches against the youth squads of some of the biggest teams in the world and have had to play the boys against older opposition to provide a balanced competition." Among the highlights so far has been a hard-fought victory over Portuguese giants FC Porto.

Football aside, ASPIRE hosted seven sports — gymnastics, badminton, kabaddi, wushu, wrestling, boxing and track cycling — at XV Asiad, the 15th Asian Games, held in Doha in late 2006. The event, broadcast live by *Eurosport* for the first time, proved ASPIRE's worth as an international sporting venue, as audiences across Europe witnessed the academy's phenomenal facilities first hand. Eight ASPIRE students competed in the games and one, 14-year-old Waleed Al Sharshani, even managed to bring home a silver medal in the Laser 4.7 Open Sailing Competition.

More recently, in squash, ASPIRE's Abdulla Al Tamimi became the Arab Champion and winner of the Welsh, Flemish and Australian under-13 Open titles. In table-tennis, an ASPIRE team won its division in the 2008 World Championships in China. And 19 year-old Mohamed Salh Idriss scooped silver in the Lisbon half marathon. Like the academy's myriad resources, its list of major achievements already goes on and on. But Bleicher doesn't like to get ahead of himself: "We have a number of very talented student athletes who are achieving very



Josep Colomer, ASPIRE Project Manager.



impressive results on the local, regional and world stage,” he explains. “However, it is too early to have world champions already ... ASPIRE is very much a long-term project, designed to nurture students and enable them to reach their full potential in time. The London Olympics in 2012 are our target, given the age of our students. We anticipate that our participation will be even greater in 2016, and will continue to expand beyond that.”

World stage

But if it does take a little while for ASPIRE athletes to start dominating the back pages of the international press, the academy can be sure of taking up plenty of column inches in the mean time, thanks to an unrivalled programme of visiting greats. Legendary middle distance runner Said Aouita, footballing heroes Pele and Diego Maradona and multi Olympic gold medal-winning swimmer Mark Spitz are just four of the many names that have visited ASPIRE to deliver addresses and lectures, or attend debates or master-classes, since its inception.

But it is not all play. ASPIRE students have a core of 33 highly-experienced teaching professionals at their disposal to help them follow the Ministry of Education’s curricula. Arabic, Islamic Studies, Maths and English are all on the menu and although sport is the academy’s mainstay, it also lists Science, Literature, Information and Communication Technology and English Language as areas of particular academic focus. There is even a ‘Polytechnical Education’ course on offer, providing qualifications in Mechanical Engineering and Joinery, should students need anything more mundane than footballing flair or table-tennis talent to fall back on.

A country of little more than 800,000 people, Qatar is one of the wealthiest states per capita in the prosperous Gulf region. And during the past few years, it has also become one of the sportiest. “ASPIRE was established for the children and people of Qatar and for the sporting reputation of Qatar as a whole,” says Bleicher. “However, we also wanted to help build a broader sporting culture across the region. In recent times the advent



of an increasingly office-bound work culture and changes in local diet has led to concerns around potential health problems, such as diabetes and heart disease. Health, exercise and sporting endeavour have a role to play in combating this.”

In the beginning, the ASPIRE management team faced challenges encouraging even their own students to eat the correct type of foods and adopt healthy lifestyles. But through education and by working hard with students’ families, things have changed. And it appears that these changes are filtering through into the wider community. These days, the ASPIRE dome doubles as a community resource that has become one of the most widely-used facilities for keep fit classes and sports practice groups in the entire Middle East region. “One of the most remarkable achievements has been encouraging a diverse range of participants, across all age groups and genders,” says Bleicher. “[We] currently provide fitness training exercises for 2,500 boys and girls and the academy also hosts daily exercises for schools.” It seems the whole of Doha is on a health drive.

ASPIRE is just one part of the equation. Other sporting infrastructure includes the 50,000-seater Khalifa International Stadium, the Doha Golf Club — home to one of just three major European Tour events staged in the region — and the Khalifa Tennis and Squash Stadium, to name just three. But this is not just some type of uncoordinated sports sprawl. Qatar has a game plan, so to speak. Alongside rivals Madrid, Tokyo and Rio de Janeiro, it is in the running to host the 2016 Olympic Games. And Bid Chairman Hassan Ali Bin Ali likes his chances. He was recently quoted as saying that although Qatar is a small country, it represents the entire Arab world: “Our visionary Emir has set the country on a path of monumental change to be a role model for the region in sport, medicine and technology,” he explained.

Those at ASPIRE, confident as ever, believe that the first part of that transformation has already taken shape. Another of the academy’s stout-hearted advertising slogans proudly proclaims that ‘the map of the sporting world has changed’.

All photographs in this article, courtesy ASPIRE.

The OPEC Award for Journalism

Objective of the award

The OPEC Award for Journalism honours journalists and analysts that have devoted their careers to objective and balanced reporting on — and analysis of — the oil market. The winner's work will have contributed to a greater understanding of the workings of the global oil market over a significant period of time.

Eligibility

The competition is open to all journalists and analysts that have reported on — and analyzed — the oil market for a minimum of 20 years.



Nominations

Completed nomination forms — along with samples of previously published work — should be e-mailed to prid@opec.org or posted to:

The Chairman
OPEC Award for Journalism
Organization of the Petroleum Exporting Countries
Obere Donaustrasse 93
A-1020 Vienna
Austria

Nomination forms are available on the OPEC website — www.opec.org. All materials should be received by August 30, 2008. Those eligible may self-nominate, but the nomination of third parties is also permitted.

Selection panel

All entries will be judged by a panel of academics, journalists and oil industry experts.

Date of award

The award will be presented at the close of OPEC's Fourth International Seminar, March 18–19, 2009, to be held in Vienna, Austria.



The OPEC Award for Journalism — Nomination Form

Name of nominee: _____

Position: _____

Company/organization: _____

Street address: _____

City: _____ Country: _____

Telephone: _____ E-mail: _____

Name of sponsor: _____

Company/organization (sponsor): _____

The OPEC Award for Journalism honours journalists/analysts that have devoted a minimum of 20 years to reporting on and analyzing the workings of the global oil market. Please attach up to five samples of previously published work.

Please send completed nomination forms and writing samples via e-mail to prid@opec.org, or post items to:

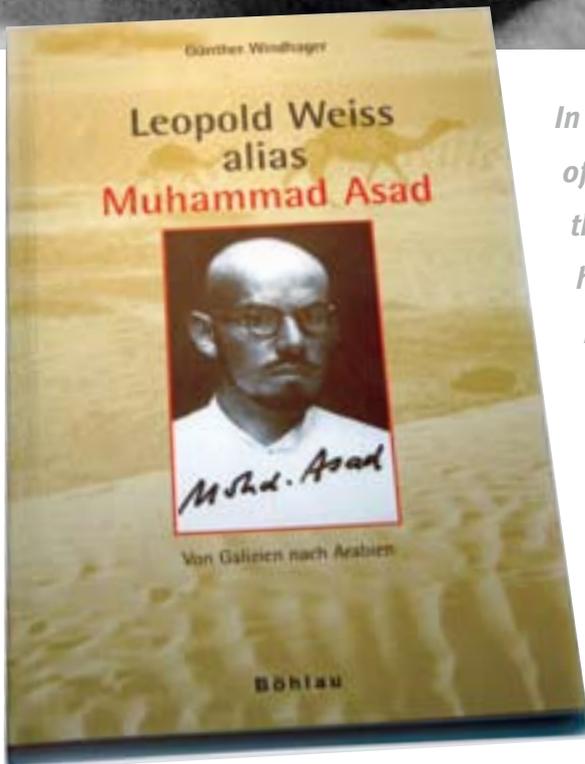
**The Chairman
OPEC Award for Journalism
Organization of the Petroleum Exporting Countries
Obere Donaustrasse 93
A-1020 Vienna
Austria**

All materials should be received by August 30, 2008.

The Lion's journey finds special place in Vienna

The road to Mecca: from Leopold Weiss to Muhammad Asad

Jose Hidalgo



In this month's Arts and Life feature, we tell the unprecedented story of Leopold Weiss, whose life as a journalist and traveller spanned three continents and two cultures. Born into a Jewish family in 1900, he converted to Islam 26 years later and, as the newly converted Muhammad Asad, went on to become one of the most prominent Muslim thinkers of the 20th century. Living to the age of 92, he made a significant contribution to Arab culture, Islam and politics and left an indelible mark on Austria — to the extent that, in April this year, the Viennese authorities named a square after him. And, in September, an international Islamic comprehensive school will be opened in the capital in his honour.

By Siham Alawami

On Sunday, April 13, 2008, I, along with many other people, converged on the historic and recently restored Metro Kino in Vienna's first district for the first screening of a much anticipated documentary from Austrian filmmaker George Misch. The film, 'Muhammad Asad — The Lion's Journey', which was co-financed by Vienna's Film Archive Association, celebrates the life of an extraordinary man — a renowned Austrian-born visionary, who earned international recognition for building cultural bridges and bringing religions closer together. Those who have followed Asad's remarkable career through his books and writings know that no one has contributed more in the last century to understanding Islam and celebrating the awakening of Muslims the world over.

On a journey that began in 1900, in Lvov, now the Ukraine, but then part of the Austrian empire, the documentary traces the life of Asad, whose travels took him to Vienna, Berlin, Palestine, Egypt, Arabia, Pakistan, and the United States. Asad's last port of call was Spain, where he died in 1992.

During the making of the documentary, the film crew visited many tourist spots and historical sites in different areas of Saudi Arabia, where Asad travelled

extensively. Scenes reflect the environment he chose to live in during his life in the Kingdom. Director Misch, who heads Mischief Films, based in the Austrian capital, says, for example, he chose the railway station in Riyadh and the desert along the railway from Riyadh to Dammam to shoot some of the scenes because he wanted to bring to life Asad's dream that he shared with the then Saudi King Abdul Aziz before his conversion to Islam, which he interpreted later as a sign for taking on his new faith.

'Road to Mecca'

Asad's bestselling autobiography 'The Road to Mecca', which was published in 1954, also recounts his years of travel in vivid detail. It tells the story of a convert to Islam who crossed the spiritual deserts of Europe and the sands of Arabia, on a journey that opened his eyes to the world of Islamic belief and principles.

The book, which has since been translated into many languages, won immediate critical acclaim, most notably in New York, where Simon and Schuster published it. One reviewer, writing in *The New York Herald Tribune*, called it an "intensely interesting and moving book." Another

Dr Andreas Mailath-Pokorny, Vienna's Executive City Councillor for Cultural Affairs, addressing assembled dignitaries and guests at the official inauguration of Muhammad Asad Platz, situated outside Vienna International Centre.





L-r: Dr Andreas Mailath-Pokorny, Vienna's Executive City Councillor for Cultural Affairs; Prince Mohsin Ali Khan (of Hyderabad); Dr Fahad Samari, Representative of Prince Salman from Saudi Arabia; Omar Al-Rawi, Member of the Vienna Parliament and Vienna City Council; Talal Asad, the son of Muhammad Asad; and Norbert Scheed, Chairman of Vienna's 22nd district.

The man behind the idea of Muhammad Asad Platz

Omar Al-Rawi, a Member of the Vienna Parliament and Vienna City Council, was the initiator of the idea to name a street or square after Muhammad Asad.

He obtained the approval of the City Council for the innovative initiative and coordinated the entire project — including searching for the most appropriate location in the capital that did not already possess a name.

Al-Rawi also planned the ceremonies, which encompassed the inauguration, and was responsible for inviting VIPs that flew to Vienna from all parts of the world to participate in the different events that took place.

Among his responsibilities with the Viennese authorities, Al-Rawi covers urban planning, European affairs and the integration of Moslems in Austria.



reviewer in The New York Times, said: “Not since Freya Stark has anyone written so happily about Arabia as the Galician now known as Muhammad Asad.”

Later in life, after retiring in Spain, Asad spent 17 years working on an English translation of the Qur’an. Many consider this work, first published in 1980, to be one of the finest English translations of the sacred book ever accomplished.

Most recently, Austrian authorities decided to recognize his extensive work by setting aside two days — April 13–14 — to commemorate his life. On the occasion of the European Year of Intercultural Dialogue, the City of Vienna named a square — ‘Muhammad Asad Platz’ — after the great intellectual. Fittingly situated just outside the main entrance of the United Nations headquarters in the capital, the square was officially inaugurated by Vienna’s Executive City Councillor for Cultural Affairs, Andreas Mailath-Pokorny. He was accompanied at the ceremony by District Chairman, Norbert Scheed, Pakistan’s Ambassador to Austria, Shahbaz, and Asad’s son, Prof Talal Asad.

Muhammad Asad Platz is actually the first stretch of tarmacadam to be named after a Muslim, not only in Austria, but in all of Western Europe.

In his inauguration speech, Mailath-Pokorny underlined that there could hardly be a more appropriate location for honouring Asad than the square in front of the Vienna International Centre.

“Muhammad Asad was a citizen of the world, who was at home everywhere on the globe, but especially in the Orient, and left his mark there. Naming this square after him is a symbol of the peaceful coexistence of people of different religious and ethnic backgrounds in our city.”

Scheed told the assembled guests that he was pleased that a place had been found in his district to commemorate Asad. “It is an important message that we send by honouring this religious mediator who always spoke in favour of religion on the basis of democratic values and uniting elements.”

Asad’s son, Prof Asad, said he was moved to see the life and work of his father honoured in such a way. “Vienna has a unique way of welcoming people who come to this city, and the way different religions are treated here is an example for all of Europe. I can think of no better city to honour my father’s work than Vienna.”

After the inauguration, the guests joined the Mayor of Vienna, Dr Michael Häupl, at a reception in the Senate Chamber of Vienna City Hall.



Jose Hidalgo

In his remarks, Häupl stressed that the inauguration of the square and the commemoration of “this great son of our city” and his work “is a symbol that has a significance that goes far beyond our gratitude to the man Muhammad Asad.”

He stated: “It is an important signal for the integration, openness and cultural diversity of our city. These are virtues we can rightly be proud of and stand for internationally. Living together in peace — that was one of Asad’s most important messages. And it is a message we respect.

“The living together of people of different religious and cultural backgrounds in Vienna is exemplary. The commemoration of Muhammad Asad has truly enriched our city,” he added.

Another special guest, Anas Shakfeh, President of the Islamic Community of Austria, said the Islamic Community of Austria made its proposal to name a square after Muhammad Asad especially to honour Asad as a philosopher and builder of bridges.

He said Vienna, as the open metropolis it is, accepted the proposal, underlining that this was a great honour for the Muslim community of the city. He added: “In Vienna, Muslims can be Muslims, Europeans, Austrians and Viennese citizens ... all at once.”

The representative of Prince Salman of Saudi Arabia, Dr Fahad Samari, said he considered the decision for the naming of the square an important step towards, “showing the world the colourful face of Vienna,” adding: “The

Arab people appreciate this step and send a respectful greeting to the Austrian people.”

Later, at an evening panel discussion on ‘Europeans and Islam — between fascination and rejection’, Asad’s son, a cultural anthropologist and university professor, joined Dr Murad Hoffmann (former German ambassador, and author), Prof Rüdiger Lohlker (professor of Islamic Studies at the University of Vienna), Dr Alfred Noll (lawyer, sociologist, university lecturer for public law), and Amena Shakir (expert on Islamic studies and political science) to discuss developments related to Islam in Europe.

The talks dealt with a number of questions, including how Europe has interacted with Muslim countries over the centuries; which image of Islam has been prevalent in Europe in the course of history; and how Islam and Muslims are perceived in Europe today.

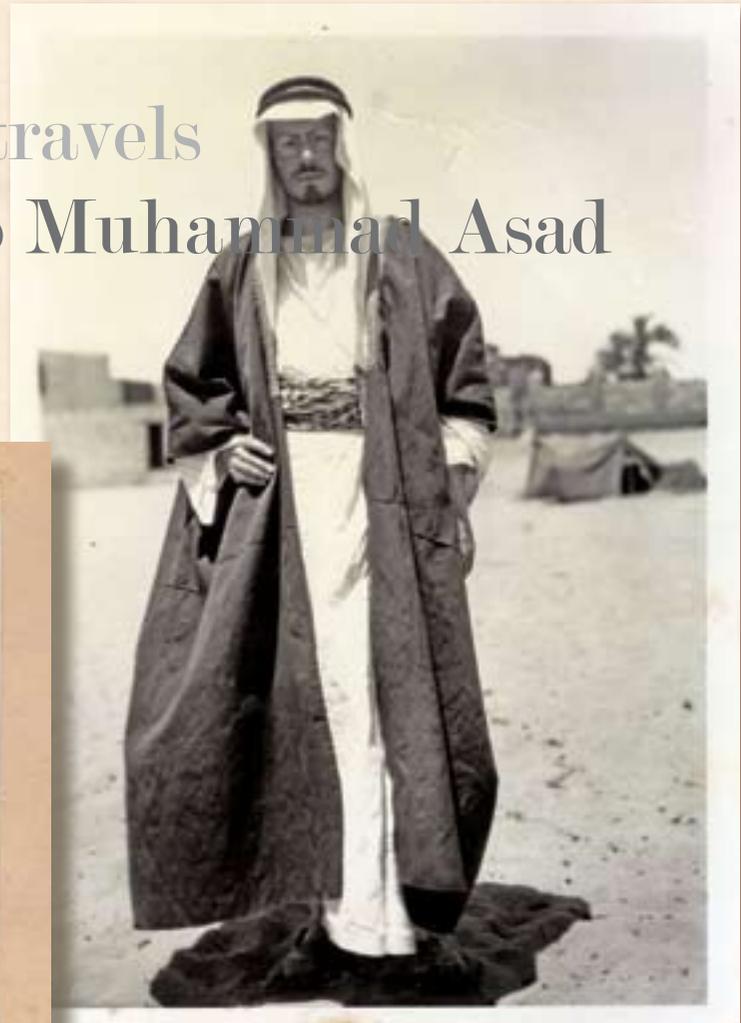
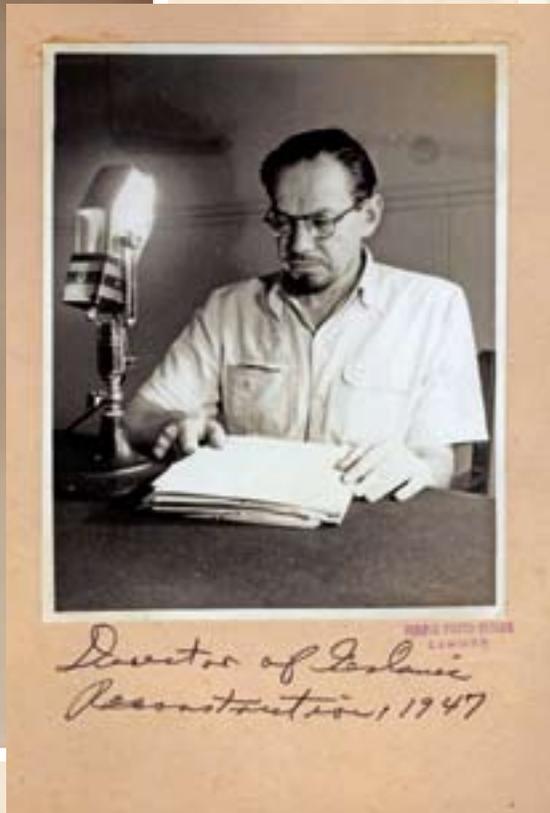
The panellists also looked at what today’s fascination of Islamic culture and religion is, in particular for Europeans; and why the conversion of Leopold Weiss to Muhammad Asad from Judaism to Islam attracted so much attention, even to this day.

In September, the doors are due to open to the first international Islamic comprehensive school in Austria. It will carry the name of ‘International School Centre — Muhammad Asad’.

The project, which will comprise a primary and secondary school, has been established for the benefit of the whole Islamic community — and, it has been stipulated, should also belong to the community.

Above: Part of the documentary film, ‘Muhammad Asad — The Lion’s Journey’, was shot in Pakistan where Asad travelled extensively. In 1947, he was appointed Undersecretary of State for Near Eastern Affairs and became the country’s Permanent Representative to the United Nations in 1952.

Leopold Weiss ... his travels and transformation to Muhammad Asad



Leopold Weiss was born in the summer of 1900. He was descended from a long line of rabbis, but the line was broken by his father, who became a barrister. His family then moved to Vienna, where 14-year-old Leopold ran away from school and tried to join the Austrian army to fight in the First World War.

But no sooner had he been drafted than the Austrian Empire collapsed, along with his dreams of military glory. He then studied philosophy and art history at the University of Vienna, but in becoming disillusioned, left the Austrian capital in 1920 and travelled around Central Europe, where he did all manner of jobs before arriving in Berlin. By his early 20s, Weiss could write and read in German, French and Polish.

Once in Berlin, luck played a part in defining his career when he became a telephonist for a wire service. That transgressed into journalism where his passion for the profession proved to be immediate.

At the young age of 22, Weiss became a correspondent for the *Frankfurter Zeitung*, one of the most prestigious newspapers in Europe. He left Europe for the Middle East in 1922 for what was supposed to be a short visit to an uncle in Jerusalem.

There he came to know and appreciate the Arab way of life and was taken by the profound meaning of Islam and how its powers instilled in people spiritual strength and inner peace.

As a journalist, Weiss travelled extensively, during which time he held many discussions with Muslim intellectuals. He met the heads of state in Palestine, Egypt, Transjordan, Syria, Iraq, Iran and Afghanistan.

By now proficient in German, Weiss completed his first work while with the newspaper. It was entitled *Unromantisches Morgenland (The Unromantic Orient)*, and was published in 1924.

It was during his travels that Weiss's interest in Islam increased as his understanding of its scripture, history and peoples grew. It eventually led to his embracing Islam in

1926. In going to the leader of the Berlin Islamic Society, he declared his adherence to Islam, and took the name Muhammad Asad.

The new convert began putting his ideas and observations down on paper and, in 1934, published his first piece on an Islamic theme. Entitled *Islam at the Crossroads*, the work was subsequently translated into several languages. The publication comprises Asad's analysis of the Muslim way of life and how important it was to preserve its heritage.

It was followed in 1935 by his next offering, *Sahih Al-Bukhari: The Early Years of Islam*, which comprises historical chapters of the most important compilations of Traditions, Sahih of Imam Al-Bukhari and depicts the beginning of the Prophet's revelation, the merits of his Companions and the early years of Islam, up to and including the decisive turning point of Islamic history — the Battle of Badr.

Little was known of Asad's movements in the next few years, but he was interned in India at the end of the Second

World War. When Pakistan was born in 1947, he was appointed its Undersecretary of State for Near Eastern Affairs and became its Permanent Representative to the United Nations in 1952.

After two years in New York, Asad again travelled extensively before returning to Pakistan in 1955, just one year after his masterpiece *The Road to Mecca* was published. His restless spirit spurred him on to, first Tangiers in Morocco, then to Portugal, and finally to Spain.

Asad had his next work published in 1961. *The Principles of State and Government in Islam* was written from the modern perspective and represented a rational critique of basic western philosophy. In it, he attempts to remove any misconceptions about the Islamic state.

Asad's last book *This Law of Ours and Other Essays* was published in 1987. This sums up his views on Islamic law, including making a plea for rationalism and plurality, which he sees as being the true legacy of the earliest generations of Muslims.

Asad remained intellectually active until the last days of his life. He never gave up his taste for travel, moving between East and West, North and South, yet spending a record 19 years in Tangiers, before moving finally to Mijas in the Andalusian province of Spain.

Leopold Weiss was born on July 2, 1900; Muhammad Asad died on February

20, 1992. He was buried in a Muslim cemetery in Granada, Andalusia, but his memory lives on — not more so than in the Austrian capital where one particular place just outside the United Nations complex, and a new school, will forever keep that memory alive. ❀

The works of Muhammad Asad

The writings of Muhammad Asad on Islam and Muslims span the best part of a century — from the 1920s to the 1980s. They comprise:

Unromantisches Morgenland (The Unromantic Orient) — 1924

Islam at the Crossroads — 1934

Sahih Al-Bukhari: The Early Years of Islam — 1935

The Road to Mecca — 1954

The Principles of State and Government in Islam — 1961

The Message of the Qur'an — 1980

This Law of Ours and Other Essays — 1987

Comments by reviewers concerning his most famous work, The Road to Mecca:

"In its intellectual engagement with the text and in the subtle and profound understanding of the pure classical Arabic of the Koran, Asad's interpretation is of a power and intelligence without rival in English."

— The Guardian

"A very rare and powerful book, raised completely above the ordinary by its candor and intelligence ... it should permanently affect our view of the world."

— New York Post

"A narrative of great power and beauty ... [Asad's] knowledge is profound."

— Times Literary Supplement



Photographs on this spread courtesy Jose Hidalgo.



OFID and UNIDO

The OPEC Fund for International Development (OFID) is looking to establish concrete cooperation and collaboration with the United Nations Industrial Development Organization (UNIDO), which, like the institution, is also based in the Austrian capital, Vienna.



The ties were the centre of discussion when UNIDO Director-General, Kandeh K Yumkella, paid an official visit to OFID's Headquarters recently for talks with his counterpart, Suleiman J Al-Herbish, and selected staff.

Yumkella, who led a seven-member team on his visit, saw a presentation of OFID's policies, projects and programmes. Four major areas of cooperation were identified, including the possible joint organization of a roundtable on South-South cooperation, to be staged during the next session of the Crans Montana Forum, scheduled for June.

Secondly, UNIDO's technical contribution to an OFID Energy Workshop in Abuja, Nigeria, was welcomed. In the

Kandeh K Yumkella (r), UNIDO Director-General, paid an official visit to OFID's headquarters for talks with Suleiman J Al-Herbish, OFID Director-General.

looking to establish cooperation on several fronts



© 1999 Samson Tollessa/GTZ, Photoshare

Household energy options are broadened to include renewable energy technologies such as this solar cooker being evaluated by an Ethiopian woman.

area of the environment, the possibility was considered for co-financing and implementing projects in line with the Global Environment Facility (GEF).

Lastly, it was felt that UNIDO's project evaluation expertise and research resources — particularly on a case-by-case basis — could be another area of possible cooperation.

Collaboration

OFID expressed interest in the energy-related work of UNIDO, in the light of one of the major outcomes of the Third Summit of OPEC Sovereigns and Heads of State, held in Riyadh, Saudi Arabia in November last year. The Summit identified energy and sustainable development as a core area of global interest and a field in which OFID has been involved over many years.

Yumkella said he would like to see greater collaboration between OFID and UNIDO in related matters.

In October 2007, the United Nations System Chief Executives Board for Coordination confirmed Yumkella as the next Chairman of UN Energy. Yumkella assumed

the position in January this year. According to UNIDO, Yumkella's selection as chairman of the inter-agency body came at a time when energy-related issues are becoming central to the climate change debate.

UN Energy is a body of senior officials and experts on energy drawn from more than 15 specialized agencies and affiliates, including the World Bank, the International Atomic Energy Agency, the UN Development Programme, the UN Food and Agriculture Organization, the UN Environment Programme and various regional UN commissions.

Coherent response

The primary mandate of the body is to help insure a coordinated and coherent response to the energy-related aspects of the Johannesburg Plan of Action, adopted in 2002 at the World Summit on Sustainable Development. It also promotes common and complementary approaches to energy policy issues, while coordinating support to such inter-governmental agencies as the UN Commission for Sustainable Development.



OFID and OPEC score success in Vienna City Marathon

Running up a winner



Under the banner 'Running against poverty', this year's 25th Vienna City Marathon had special significance for the OPEC Fund for International Development (OFID), which co-sponsored the event for the first time.

The institution honoured its pledge to “give something back” to the city that has hosted its headquarters since 1976 by making 100,000 euros available to the event’s authorities to help pay for activities aimed at celebrating the marathon’s silver jubilee.

OFID is also providing grants to the tune of \$100,000 for two local non-governmental organizations — Hilfswerk Austria and CARE Austria — which will be used to promote health and development.

But on the day of the marathon, it was the entrants from OFID, as well as the OPEC Secretariat, that stole the show. The two organizations managed to field over 50 willing and eager participants at the annual event.

Of the total 55 OFID and OPEC contestants, five ran the full marathon, four the half marathon, six the junior marathon, eight the kids’ challenge, and 31 the relay event.

The fastest relay team — Finance — which comprised Wolfgang Novak, Yassien Shaban, Saeid Niazi and Zsolt Fenyesi, all of OFID, completed the course in an impressive time of 3 hours 39 minutes.

Meanwhile, individually, Veronika Kretzer (wife of Gerry Doyle of OFID) finished the full marathon in a highly respectable 3 hours 42 minutes. And this was just two months after giving birth to her second son.

Other highlights saw Maria Tagger of OFID save her below-strength team to run two consecutive legs — 16.1 km, followed by 5.7 km — while colleague Barrak Alqallaf ran 9.1 km in an amazing time of 1 hour 1 minute, and this despite not a single day’s training.



Bayo Babajide

The 38 staff and family member runners just from OFID had plenty of support on the day. A specially trained group of cheerleaders, the brainchild of the OFID Social Committee, went through its paces on carefully planned stages of the run. Armed with drums, pom-poms and whistles, they made their presence felt and provided great motivation for their participating colleagues.

The day was not just about personal achievement, but also an awareness that people were running in support of the longstanding OFID cause of poverty alleviation. Weeks of planning and training went into the event with eight relay teams registered to run under the OFID banner.

OFID’s chief coach and organizer, Rafik Elouardi, a former runner himself, stated: “The success of the event was entirely the result of colleagues’ determination and enthusiasm and the great team spirit generated by the OFID family.”

Apres-run celebrations were held in OFID’s splendid VIP tent and as the runners gathered for a group photo, The Fund’s Director, IT Unit, Deyaa Alkhateeb, summed up everybody’s feelings when he said: “This was a truly magnificent day. I am proud of all our runners and all the people that came to support them.”



This section includes highlights from the OPEC Monthly Oil Market Report (MOMR) for May 2008 published by the Petroleum Market Analysis 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 Basket¹ reached another record-high when it hit an average of \$105.20/b in April, an increase of \$6.13/b, or well over six per cent, from the previous month. Lower refinery output and geopolitical developments in the Middle East, West Africa and Europe maintained the bullish momentum. The volatility in the US dollar also kept prices fluctuating on the back of a weaker economic outlook and softening demand. However, healthy figures from China kept demand firm.

The bullish momentum continued into the first half of May on further geopolitical developments in the Middle East, a port workers' strike in France, and a report forecasting the possibility that oil prices could reach as high as \$200/b. Consequently, the Basket rose to stand at \$118.78/b on May 14.

On the United States market, benchmark WTI crude averaged April at \$112.64/b, \$7.23/b, or nearly seven per cent, higher than in March.

In the North Sea market, Brent crude averaged the month at \$108.97/b, while in the Mediterranean market, Urals averaged April at

\$105.75/b for a gain of \$6.80, or nearly seven per cent.

In the Middle Eastern market, Dubai crude averaged the month at \$103.41/b, representing a gain of \$6.69/b, or almost seven per cent, over March.

Despite higher OPEC output and lower demand growth expectations, the market remained bullish on geopolitical developments in the Middle East and production disruptions in West Africa and Europe. The weak US dollar supported the flow of speculative investment into the energy market. Lower refinery run rates foreseen undermining seasonal fuel stocks prompted jitteriness in the marketplace," commented the OPEC report.

Concerning trends in selected commodity markets, the report stated that the International Monetary Fund (IMF) commodity index reported slower growth of 4.7 per cent in April from March. This, it said, was essentially linked to the negative growth in the non-energy commodity index as the energy sector rose by seven per cent, supported by crude oil and natural gas prices.

The World Bank estimated that the non-energy commodity price rose by 2.1 per cent in April from the previous month. Fertilizers

increased strongly, owing to the expansion of crop plantations in the Northern Hemisphere, in addition to capacity constraints, export taxes in Russia and China and higher crude oil prices.

"After mild revisions to March figures for the IMF energy commodity index (crude oil, natural gas and coal), the picture remained rather similar in April with crude prices rising by 7.2 per cent month-on-month and lying 66.8 per cent higher than a year ago," said the report.

The IMF disclosed that non-fuel prices showed negative growth of 0.2 per cent in April, owing to a sharp decline in industrial metals, metals and food price indices. Nevertheless, the drop in the non-fuel price index was said to be milder when fertilizer prices were included.

Industrial metal prices saw negative growth of one per cent in April, six per cent lower than in March in response to growing inventories, temporary weaker Chinese demand and pessimism over global demand and the US economic situation.

As in March, the worse performance corresponded to those metals with weaker fundamentals, such as zinc and nickel. Zinc fell by 9.9 per cent in April, due to a constellation of factors, including rising inventories, weak demand and the recovery of Chinese production, while

1. An average of Saharan Blend (Algeria), Minas (Indonesia), 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 (United Arab Emirates) and BCF-17 (Bachaquero, Venezuela).

nickel prices dropped by 7.4 per cent, due to higher stocks, combined with a poor recovery in steel production.

Copper prices performed better than other commodities, due to lower stocks and strike-related developments. However, growth in the copper price halved in April – falling to three per cent from March.

Spot gold prices declined by six per cent to stand at \$909.7/oz in April. A negative factor was the recovery of the US dollar in late April, which led to a sharp correction through profit-taking and liquidation.

“Another factor has been the asset rotation in favour of equities and treasuries, along with weaker jewelry demand, which is expected to continue for the whole of 2008, due to record gold prices and the gloomy outlook for the global economy,” observed the OPEC report.

The IMF food price index fell by 0.2 per cent in April from the previous month, but according to the World Bank, food prices rose by 2.2 per cent in April, which may be due to the inclusion of different price quotations for some commodities, such as soybean meal, soybean oil and soybeans.

“The slower growth of the food price index was mainly caused by the negative 17 per cent month-on-month growth recorded by wheat in April on expectations of higher global production, especially from Australia, which was affected by drought last year,” said the report.

Palm oil prices declined by six per cent in the month, owing to expectations for higher production and increased exports in Asia.

Rice prices surged by 51 per cent to \$1,015/tonne in April from March, 215 per cent higher than the year-ago level and fueled by strong import demand, export restrictions in a number of countries and growing worries over a world food price rally.

“The most important feature about rice is that only seven per cent of global production is exported. Exports are declining, due to several obstacles, such as hoarding and export restrictions with growing government concern about food security,” said the report.

Corn prices continued to increase, rising by six per cent in April and sustained by supply constraints related to expected lower 2008 US corn planting and recent unfavourable weather conditions in the US.

Growing demand in the US food, fuel and feed sectors, along with a rally in crude oil prices, strong Chinese demand, competing acreage allocation, and low inventories, have also had an impact, said the report.

Soybean oil prices fell back from previous highs in the month, but were supported by falling stocks, growing Chinese demand and the bio-diesel industry.

“For this reason, the outlook for corn and the grain complex as a whole remains positive for 2008, despite concerns about the worsening economic conditions,” said the OPEC report.

Fertilizer prices jumped across the board, due to the expansion of crop plantations in the Northern Hemisphere, coupled with capacity constraints and the adoption of export taxes in Russia and China, as well as high crude oil prices.

World oil demand

In its review of the market, the OPEC report said that, as expected, world oil demand was seen to be growing mostly in the non-OECD regions. OECD oil demand showed weak behaviour, although winter products were in higher demand across Europe. US oil demand showed a major decline, due to both the slowing economy and warm winter weather.

“With the winter ending in the Northern Hemisphere, oil demand growth will follow a slow consumption cycle in the second quarter. The summer driving season is not expected to show its normal annual growth, due to anticipated slow gasoline demand in the US this year,” observed the report.

In 2008, world oil demand growth is forecast at 1.2 million barrels per day year-on-year to average 86.95m b/d, representing a minor downward revision from the last OPEC report.

All of the forecast growth is expected

to come from non-OECD countries. North America’s oil demand is forecast to be flat.

“Furthermore, oil demand in the other OECD regions will be in the red, reflecting slow consumption of transport fuel in the second quarter of 2008.”

Non-OECD countries’ oil demand – mainly China, the Middle East, India, and Latin America – is forecast to be strong. This is estimated to offset the weak OECD oil demand expected for this year.

Demand for OPEC crude in 2008 is slated to average 31.84m b/d, around 119,000 b/d lower than in the previous year. On a quarterly basis, demand for OPEC crude is expected to average 32.39m b/d, 31.14m b/d, 31.71m b/d and 32.12m b/d, respectively.

In the OECD region, US first-quarter oil demand contracted sharply, not only due to slower economic activities, but also the warm weather. Fuel oil, which is used by power plants and for heating purposes, declined the most – by 13.3 per cent, or 740,000 b/d y-o-y in February. Furthermore, a two per cent decline in gasoline demand contributed to the total US oil demand decline, which fell by 1.47m b/d in February.

As a result of the decline, North America’s first-quarter oil demand was revised down by 300,000 b/d to show a decline of 400,000 b/d y-o-y.

Warm weather across some parts of Europe reduced the use of oil for heating in April. However, given the strong oil demand in Germany during the winter, total OECD Europe’s oil demand is forecast to have grown by 130,000 b/d y-o-y in the first quarter.

“Summer travel, along with the agricultural season, is expected to boost diesel demand in Europe in the third quarter. Automotive diesel demand is forecast to grow by three per cent this year, due to the increase in new diesel-operated vehicles on the continent,” said the OPEC report.

It said that Europe’s recent biofuel initiative has led to extra land farming, which will increase diesel consumption this summer.

In the OECD Pacific, Japan is seen to be following the European trend of introducing more

diesel engine-powered vehicles, which will slow gasoline demand further.

The weather was colder in Japan in April y-o-y, which led to more kerosene consumption for heating.

As a result of this lower kerosene use, OECD Pacific oil demand has been revised down by 50,000 b/d to show growth of 100,000 b/d y-o-y in the first quarter.

In contrast to the OECD, economies in the developing countries are showing healthy growth. Energy-intensive projects, such as petrochemicals, have pushed oil demand up in Taiwan, along with the expected strong growth in transportation fuel. This trend was not only seen in Taiwan, but in most of the Asian region.

As a result, oil demand in the other Asia group is expected to grow by 170,000 b/d to average 9.29m b/d in 2008, an upward revision of 20,000 b/d from the last OPEC report.

First-quarter Indian oil demand grew by a strong 5.8 per cent, or 170,000 b/d y-o-y. The forecast for Indian oil demand is set at 140,000 b/d for the entire year. The industrial, transport, and agricultural sectors are pushing oil demand in this country.

"Given the increased economic activities in Asia, it is possible that the previous oil demand forecast will be subject to an upward revision, especially in the third and fourth quarters," commented the OPEC report.

Middle East oil demand is forecast to show healthy growth of 280,000 b/d y-o-y in 2008. The expansion is due to strong economic activities, especially the boom in energy-intensive projects. Middle East oil demand is forecast to grow to average 6.78m b/d y-o-y in 2008.

As in Asia, Latin America's economic activities are resulting in stronger oil demand. Brazil's economic and agricultural activities have seen oil demand, especially diesel, expanding at healthy levels.

Oil demand growth in the group of developing countries is forecast at 590,000 b/d y-o-y in the second quarter to average 24.79m b/d.

Concerning China, the government is keen to suppress inflation and is taking measures to freeze the prices of domestic oil products. One

measure is to continue to suspend the import tax on diesel and gasoline for the second quarter. Another measure is to subsidize retailers for domestic sales losses.

"These anticipated measures will keep China's oil demand growth at 430,000 b/d y-o-y in 2008," said the OPEC report.

China's oil imports for the first quarter increased by 440,000 b/d y-o-y. However, some of the oil went into strategic storage.

China's agricultural season, along with the massive increase in diesel vehicles, will lead to a hike in demand for diesel in the second and third quarters.

And, as the summer approaches, China's electricity supply may fall short of summer demand. Although the shortage is not expected to be large, it could lead to a slight increase in diesel demand.

Due to the strong oil demand, caused in part by a coal shortage, first-quarter oil demand in China was revised up by 140,000 b/d to show growth of 490,000 b/d y-o-y to average 7.96m b/d.

The effect of China's recent earthquake on oil demand is not yet known. However, recent information indicates little impact on the oil business.

World oil supply

Preliminary figures for April indicate that world oil supply averaged 86.35m b/d in the month. This represents a 380,000 b/d decline from March, with OPEC's crude share standing at 36.7 per cent. The estimate is based on preliminary data for non-OPEC supply, estimates for OPEC natural gas liquids (NGLs) and OPEC crude production from secondary sources.

Non-OPEC supply in 2008 is expected to average 50.18m b/d, an increase of 740,000 b/d over the previous year and a downward revision of 106,000 b/d from last month's OPEC assessment. On a quarterly basis, non-OPEC supply is expected to average 49.86m b/d, 49.76m b/d, 49.92m b/d and 51.16m b/d, respectively, this year.

Total OECD oil supply is forecast to reach

19.90m b/d in 2008, a drop of 250,000 b/d from the previous year. On a quarterly basis, OECD supply is expected to average 20.13m b/d, 19.69m b/d, 19.46m b/d and 20.33m b/d, respectively. According to preliminary data, total OECD oil supply averaged 20.04m b/d in April.

In 2008, oil supply in the United States, is forecast to reach 7.61m b/d, representing growth of 114,000 b/d over the previous year and an upward revision of 9,000 b/d from last month's OPEC report. According to preliminary data, US crude production averaged 7.60m b/d in April.

Canadian oil supply for 2008 is expected to average 3.40m b/d, representing slight growth of 64,000 b/d compared with the previous year and unchanged from OPEC's last assessment. Canada was said to have produced 3.41m b/d of crude in April.

Mexico's oil supply for 2008 has been revised down by 13,000 b/d to now stand at 3.24m b/d, representing a decline of 243,000 b/d from the previous year. According to preliminary data, Mexico produced 3.23m b/d of crude in April.

Oil supply in Western Europe is expected to reach 4.92m b/d this year, representing a decline of 310,000 b/d from 2007 and a downward revision of 17,000 b/d from last month's OPEC assessment.

Downward revisions were made to Norway, the United Kingdom and Denmark, which partially offset the upward revision made to other Western Europe. On a quarterly basis, supply for this group of countries is expected at 5.20m b/d, 5.00m b/d, 4.59m b/d and 4.91m b/d, respectively. According to preliminary data, Western Europe produced 5.07m b/d of crude in April.

Norway's production is estimated to average 2.43m b/d in 2008, which represents a decline of 128,000 b/d from the previous year and a 8,000 b/d downward revision to last month's OPEC assessment. According to preliminary data, Norway produced 2.55m b/d of crude in April.

UK production in 2008 is forecast at 1.50m b/d, representing a decline of 185,000

b/d from the previous year and a 12,000 b/d downward revision from last month's assessment. Preliminary figures indicate that the UK produced 1.52m b/d of crude in April.

Oil supply in the Asia Pacific is expected to average 730,000 b/d in 2008, which represents a gain of 122,000 b/d over the previous year and a downward revision of 32,000 b/d compared with last month's OPEC assessment. On a quarterly basis, supply is expected to average 610,000 b/d, 650,000 b/d, 770,000 b/d and 860,000 b/d, respectively. Preliminary estimates indicate that the Asia Pacific produced 730,000 b/d of crude in April.

Australian oil supply is expected to average 600,000 b/d in 2008, which represents growth of 75,000 b/d over last year's figure and a 19,000 b/d downward revision from last month's OPEC report. According to preliminary data, Australia produced 610,000 b/d of crude in April.

New Zealand is expected to add 47,000 b/d to its 2008 oil supply over the previous year to reach a new total of 130,000 b/d. Preliminary figures indicate that New Zealand produced 110,000 b/d of crude in April.

Oil supply in the developing countries in 2008 is slated to reach 11.45m b/d, which represents growth of 526,000 b/d over the previous year and a downward revision of 13,000 b/d compared with last month's OPEC assessment. On a quarterly basis, developing countries are expected to supply an average of 11.19m b/d, 11.32m b/d, 11.58m b/d, and 11.70m b/d, respectively.

Brazil, other Asia and Africa are the main contributors to the growth for this year. Preliminary estimates indicate that the developing countries produced a total of 11.26m b/d of crude in April.

Other Asia is expected to see its supply reaching 2.86m b/d in 2008, representing growth of 151,000 b/d over 2007 and an upward revision of 17,000 b/d from last month's OPEC assessment. On a quarterly basis, other Asia supply is expected to average 2.79m b/d, 2.80m b/d, 2.89m b/d and 2.97m b/d, respectively. India, Malaysia and Vietnam are the main contributors to the growth.

Latin American supply is expected to average 4.15m b/d this year, representing growth of 274,000 b/d over the previous year and a downward revision of 17,000 b/d compared with last month's OPEC assessment. The quarterly distribution stands at 4.00m b/d, 4.08m b/d, 4.26m b/d and 4.28m b/d, respectively. Preliminary estimates indicate April crude oil production in the region at 4.03m b/d.

Brazil is expected to add 261,000 b/d to the growth in the region with a preliminary average figure of 2.25m b/d in April. May production figures may witness a significant rise as more wells come onstream.

Supply from Africa is expected to average 2.78m b/d in 2008, representing growth of 112,000 b/d over the previous year and a 21,000 b/d downward revision from last month's OPEC assessment. On a quarterly basis, oil supply from this group is expected to average 2.76m b/d, 2.80m b/d, 2.78m b/d and 2.79m b/d, respectively. According to preliminary estimates, Africa produced 2.76m b/d of crude in April.

The Middle East is expected to see flat supply of 1.65m b/d in 2008, compared with the previous year. The quarterly distribution has been put at 1.64m b/d, 1.64m b/d, 1.65m b/d and 1.66m b/d, respectively. According to preliminary figures, Middle East April crude supply is estimated at 1.64m b/d.

Oil supply in the Former Soviet Union (FSU) is expected to average 12.89m b/d in 2008, which represents 370,000 b/d growth over the previous year and a downward revision of 11,000 b/d from last month's OPEC assessment. On a quarterly basis, FSU supply is expected to average 12.64m b/d, 12.81m b/d, 12.93m b/d and 13.16m b/d, respectively.

Other Europe supply is expected to remain at 140,000 b/d, the same level as in 2007.

Russian oil supply is forecast to reach 9.91m b/d this year, which represents growth of 46,000 b/d over 2007 and a downward revision of 17,000 b/d compared with last month's OPEC assessment. The country's sluggish performance continued in April, with production put at 9.72m b/d. However, its performance could improve over the coming months.

In the Caspian region, oil supply in Kazakhstan is expected to grow by 97,000 b/d over 2007, to reach 1.45m b/d this year, unchanged compared with last month's OPEC assessment. Preliminary figures place Caspian crude production at 1.49m b/d in April.

Oil supply in Azerbaijan is forecast to grow by 200,000 b/d this year to reach 1.06m b/d, also unchanged compared with last month's OPEC assessment.

Total OPEC crude oil production averaged 31.70m b/d in April, a decline of 393,000 b/d from the previous month.

Oil supply in China is expected to average 3.86m b/d in 2008, representing growth of 87,000 b/d over the previous year and a downward revision of 24,000 b/d from last month. Preliminary figures estimate the country's April crude production at 3.86m b/d.

OPEC oil production

Total OPEC crude oil production averaged 31.70m b/d in April, a decline of 393,000 b/d from the previous month, according to secondary sources. OPEC production (not including Iraq) averaged 29.42m b/d, down by 289,000 b/d from the previous month.

"The decline is the result of a significant fall of 250,000 b/d in Nigerian production, due to strikes. Iraq also witnessed a decline of 100,000 b/d, compared with the previous month. Saudi Arabia, Iran, Kuwait, Libya and Venezuela saw some minor declines," said the OPEC report.

OPEC output of NGLs and non-conventional oils are expected to average 4.93m b/d in 2008, an increase of 540,000 b/d over last year.

Alternative fuels

Commenting on alternative fuels, the OPEC report stated that Europe's recent biofuel subsidy initiative has resulted in a shortage of food commodities. This, in turn, has forced the European Union (EU) to relax its laws and let farmers increase cultivation.

"This movement not only led to food price increases, both in Europe and in Asia, but also caused environmental problems," the report maintained.

OPEC output of NGLs and non-conventional oils are expected to average 4.93m b/d in 2008, an increase of 540,000 b/d over last year.

Due to the hike in food prices, some biodiesel plants, which were believed to be a main driver behind the rise in food prices, decided to freeze their production, due to the sharp increase in raw materials and a switch to other activities.

"These developments have pressured the EU into re-analyzing its biofuel plans. The EU is not only seeking this path because of the food shortage, but also because of the accusation that biofuel is not as environmentally friendly as was assumed earlier," professed the report.

Downstream activity

Gasoline stock-draws in the United States, along with the tight distillate markets in Europe and

Asia, supported the entire product market, lifting refining margins across the globe.

"The current sentiment of the product market may be compounded further, providing support for crude prices as the driving season approaches," observed the OPEC report.

However, due to relatively comfortable gasoline stocks, particularly in the US, refining margins are not expected to rise sharply over the next months.

Meanwhile, with technical restrictions in the downstream hindering any significant switch in the refinery mode to favour middle distillate production, the current tightness in middle of the barrel components might persist, supporting the market over the coming months, it said.

Refining margins for benchmark WTI crude on the US Gulf Coast surged by \$2.07/b to \$6.76/b in April, from \$4.69/b in March. In Europe, the market followed the same trend and margins for Brent crude oil in Rotterdam rose by \$3.06/b, compared with the previous month, to a record \$5.68/b in April.

The Asian market consolidated its previous upward movement, due to higher regional demand and refinery maintenance schedules. Refining margins for Dubai crude oil in the Singapore market reached \$7.88/b in April, compared with \$5.71/b the previous month.

The OPEC report noted that the seasonal maintenance schedule in the United States has slowed, but with the persisting situation of refinery economics, refiners so far have refused to significantly boost throughput levels.

"Historically, US refiners have increased throughputs from the middle of April to secure sufficient gasoline prior to the driving season. But slowing demand for gasoline as a result of the poor performance of the economy has so far adversely affected refinery operation levels," said the report.

The US refinery utilization rate increased by 1.2 per cent compared with the previous month, reaching 86.3 per cent in April from 85.1 per cent in March.

In Europe, the refinery utilization rate surged by 5.3 per cent to 92.3 per cent in April from 86.93 per cent the previous month.

In Asia, refinery throughput slowed across the region with the start of major maintenance schedules. In Japan, refinery utilization rates plummeted by 4.20 per cent to 88.5 per cent from 92.7 per cent in March.

Looking ahead, the OPEC report said that with increasing seasonal schedules in Asia, refinery utilization rates are expected to drop further in May.

"With regard to the United States and Europe, seasonal maintenance may fall sharply, but due to low margins, refiners are not likely to sharply increase operational levels over the near term," said the report.

Oil trade

Regarding oil trade, OECD first-quarter product imports showed a y-o-y increase of 2.7 per cent over the first quarter of 2007, while, on the export side, according to estimated data, first-quarter crude oil exports declined by nine per cent. OECD product exports for the first three months of 2008 averaged 8.7m b/d, down by three per cent from the same period last year.

According to preliminary data, US crude oil imports rebounded in April, increasing by about 154,000 b/d, or two per cent, compared with the previous month, to average 9.8m b/d.

April crude oil imports were 3.6 per cent lower than a year earlier, while average crude oil imports during January-April 2008 were only 0.6 per cent lower than in the same period last year as less imports during March and April more than offset higher imports seen during January and February.

Similarly, product imports rebounded in April after declining for two successive months, increasing by about 249,000 b/d, or eight per cent, compared with the previous month, to reach 3.5m b/d.

Gasoline imports were up by 19,000 b/d, or five per cent, compared with March, with imports heading to the East Coast reaching their highest levels since July 2007. However, April gasoline imports were substantially lower than a year earlier, declining by 24 per cent, and reflecting weaker demand for the product

that has been hit by slower economic growth and high retail prices ahead of the summer driving season.

Distillate fuel oil imports were steady in April, compared with March, while residual fuel oil imports increasing by 15 per cent, and other oils by ten per cent over the same period.

On an annual basis, total product imports in April were 252,000 b/d, or seven per cent, lower than a year earlier, while average January-April product imports were about two per cent lower than in the same period last year.

On the export side, US product exports in April were 75,000 b/d, or six per cent, higher than in the previous month. On an annual basis, product exports in April were about four per cent more than in April 2007, with an almost similar growth rate for average product exports for January-April 2008.

As a result, US total net oil imports increased in April by about 328,000 b/d, or three per cent, compared with the previous month. The increase was spread almost evenly among both net crude oil and net product imports.

In contrast, US net oil imports showed a decline on a y-o-y basis, decreasing in April by about 670,000 b/d, or five per cent, compared with April 2007, while average January-April 2008 net oil imports decreased by 166,000 b/d, or one per cent.

Lower annual net oil imports reflected slower economic growth that pushed US oil demand in the first quarter down by 1.4 per cent, compared with the same period of 2007, marking the third straight quarter of y-o-y declines.

According to preliminary data, Japan's crude oil imports increased by a modest one per cent in April from the revised figure for the previous month.

Crude oil imports were 4.59m b/d in April, a gain of 17 per cent over a year ago, while average crude oil imports for the first four months of 2008 were 12 per cent higher than the same period last year.

Higher April crude oil imports came at a time when refineries usually prepare for main-

tenance, which peaks towards the end of the month and in May. April is also traditionally the start of the peak season for gasoline demand in Japan, and with this year's expected warmer-than-average weather from April to July, demand for the product is expected to increase by five to ten per cent from the annual norm.

Indications suggest that robust demand for gasoline during the peak season this year will be weakened by the reintroduction of the gasoline tax that was suspended on March 31 and by increasing uncertainty about the country's economic outlook, with consumer confidence hitting a five-year low.

Japan's product imports in April were virtually unchanged, compared with the previous month, averaging about 490,000 b/d.

On an annual basis, average product imports for the first four months of 2008 were 14 per cent lower than in the same period last year.

On the export side, Japan's product exports were also steady in April, compared with the previous month, though on an upward trend for the sixth consecutive month, providing further evidence of the country's shift towards becoming a regular fuel exporter.

Average product exports for January-April 2008 were about 500,000 b/d, a significant 21 per cent rise over the same figure seen last year of 410,000 b/d, supported by higher volumes of gasoline, kerosene and A-type fuel oil exports.

As a result, Japan's net oil imports in April of about 4.57m b/d were almost steady at less than one per cent above the previous month, yet were about 18 per cent above the year-ago level.

Average net oil imports for the first four months of the year were seven per cent higher than in the same period last year. Steady net oil imports in April were the result of minor changes in both net crude oil and product imports compared with March.

Regarding China, the OPEC report noted that the country imported an average of 887,000 b/d of oil products during the first quarter of 2008, 17 per cent higher than during the same quarter last year.

In India, first-quarter average oil product imports stood at about 441,000 b/d, 31 per cent higher than in the first three months of 2007, when average imports stood at 336,000 b/d. The country's net oil imports in the first quarter showed a 12 per cent increase over the same period last year.

Stock movements

Supported by crude oil, total US commercial oil stocks increased by a further 2.6m b in April to stand at 973m b, slightly above the average of the previous five years.

Crude oil stocks increased for the fourth consecutive month, adding 7.4m b to reach 325m b, the highest level since last July.

China imported an average of 887,000 b/d of oil products during the first quarter of 2008, 17 per cent higher than during the same quarter last year.

Consequently, some 40m b have been added to crude oil stocks during the first four months of 2008, more than the seasonal average and higher than the 25m b increase seen in 2007 and 2006.

At 325m b, US commercial crude oil stocks stood within the range and are comfortable in terms of days of forward cover with 1.2 days higher than the average of the previous five years, a surplus that has not been seen since the end of the third quarter of 2007.

"The healthy situation in US crude oil stocks is mainly attributed to low refinery throughput and to some extent imports," said the OPEC report.

In contrast to crude oil, product stocks

The US Strategic Petroleum Reserve (SPR) increased by a further 1.2m b in April to move above 701m b for the first time.

dropped for the third consecutive month to stand below 648m b, but remained above the average of the previous five years and similar to the level seen a year earlier.

Nevertheless, within products, the picture was mixed with gasoline stocks remaining comfortable, despite a draw of 13.6m b.

“The situation of gasoline stocks is better in 2008 than in the previous year when stocks were well below the average, hovering at the lower end of the five-year range,” observed the report.

At 211m b, gasoline stocks were 14m b better than a year ago, but just 5m b above the five-year average, while the previous two months have seen a surplus of 19m b.

In terms of forward cover, gasoline stocks are within the five-year range and slightly above the five-year average. A year ago they were more than two days below the average.

“With the return of refineries from maintenance, this should allow the US to start the driving season in a better shape, in the light of weakening demand and increased ethanol use,” said the report.

“Nevertheless, a drop of 13.6m b is huge compared with the seasonal change.”

The recent draw on gasoline stocks came on the back of low refinery production and weak imports. Distillate inventories followed their seasonal trend, declining by nearly 2m b to around 106m b, the lowest level since May 2005, to stand 2.5m b below the five-year aver-

age and two days below the average in terms of forward demand cover.

Within distillates, heating oil stocks continued to be very tight, hovering well below the lower end of the five-year range, while diesel stocks remained healthy, with a surplus of 13m b, or 18 per cent, above the five-year average.

Residual fuel oil stocks dropped by less than 1m b to 38.7m b, slightly better than a year ago, whereas jet fuel stocks rose by 500,000 b to 38.8m b, which corresponds to 1m b below the corresponding level of the previous year.

The US Strategic Petroleum Reserve (SPR) increased by a further 1.2m b in April to move above 701m b for the first time.

“However, despite the recent favourable vote by the Senate to halt the 76,000 b/d filling of the SPR because of high prices of crude oil, the objective of reaching the full capacity of 727m b, as required by the 2005 Energy Policy Act, will likely be attained,” the OPEC report pointed out.

Latest data shows that US commercial oil stocks added a further 5m b to stand at 978.3m b in the week ending May 9, the highest level since mid-March, to remain at the upper end of the five-year range.

All the components saw an increase, except gasoline, which, due to lower imports, fell by 1.7m b to 210m b, narrowing the surplus with the five-year average to 5m b, compared with 24m b two months ago.

Following the opposite trend, distillate inventories rose by 1.4m b to move close to the five-year average, while crude oil edged up by 200,000 b.

“When expressed in terms of forward cover, crude oil stocks remained comfortable at one day above the seasonal average, while gasoline stocks were in line with the average. Distillates were one-and-a-half days below the average,” said the OPEC report.

In Western Europe, EU-16 (EU-15 plus Norway) total oil stocks fell by around 2m b to stand at 1,111m b in April and continued to move alongside the five-year average, which

they have been doing since the beginning of the year.

However, stocks dropped by just 3.7m b during the first four months of the year, compared with 21m b a year earlier. The draw in April was attributed essentially to distillates.

Crude oil stocks increased by a further 3.4m b to reach nearly 479m b, the highest level since the beginning of the year and appeared comfortable at the five-year average, in absolute values, and in terms of forward cover.

“This build in crude oil stocks took place in spite of an increase in the refinery intake,” said the OPEC report.

On the product side, the picture was different with stocks continuing their downward trend. By category, gasoline inventories dropped by 0.4m b to stand below 127m b, the same level as seen a year earlier, but well below the five-year range.

Similarly, but at a higher rate, distillate stocks fell by more than 5m b, offsetting the build of the previous month, to stand at 361m b, their lowest level since last November.

Pressure was more on gasoil stocks, which are expected to add further tightness in the market following maintenance outages ahead of the approaching summer driving season.

“Due to weak demand, both gasoline and distillate stocks seem comfortable when expressed in days of forward demand cover,” said the report.

Sluggish demand pushed fuel oil inventories to their highest level since the beginning of the year, while naphtha stocks offset the build of the previous month and fell by 900,000 b to move slightly below 30m b.

However, both residual fuel and naphtha stocks were higher than their corresponding levels of a year earlier.

In Japan, according to preliminary data, total commercial oil stocks remained stable in April. However, crude oil and gasoline stocks both dropped by around 1.5m b and distillate inventories remained stable, while gains in fuel oil stocks partially compensated for the draw on gasoline and crude oil stocks.



Table A: World crude oil demand/supply balance m b/d

| World demand | 2003 | 2004 | 2005 | 2006 | 1Q07 | 2Q07 | 3Q07 | 4Q07 | 2007 | 1Q08 | 2Q08 | 3Q08 | 4Q08 | 2008 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| OECD | 48.6 | 49.4 | 49.7 | 49.3 | 49.7 | 48.2 | 48.7 | 49.8 | 49.1 | 49.5 | 48.1 | 48.5 | 50.2 | 49.1 |
| North America | 24.5 | 25.4 | 25.5 | 25.3 | 25.7 | 25.4 | 25.5 | 25.6 | 25.5 | 25.3 | 25.5 | 25.6 | 25.8 | 25.6 |
| Western Europe | 15.4 | 15.5 | 15.6 | 15.6 | 15.2 | 14.9 | 15.4 | 15.6 | 15.3 | 15.3 | 14.9 | 15.3 | 15.7 | 15.3 |
| Pacific | 8.6 | 8.5 | 8.6 | 8.4 | 8.8 | 7.8 | 7.8 | 8.6 | 8.3 | 8.9 | 7.7 | 7.7 | 8.7 | 8.2 |
| Developing countries | 20.6 | 21.8 | 22.6 | 23.3 | 23.8 | 24.2 | 24.3 | 24.5 | 24.2 | 24.6 | 24.8 | 24.9 | 25.1 | 24.8 |
| FSU | 3.7 | 3.8 | 3.9 | 3.9 | 3.9 | 3.7 | 4.0 | 4.3 | 4.0 | 3.9 | 3.8 | 4.1 | 4.4 | 4.0 |
| Other Europe | 0.8 | 0.9 | 0.9 | 0.9 | 1.0 | 0.9 | 0.9 | 0.9 | 0.9 | 1.0 | 1.0 | 0.9 | 0.9 | 1.0 |
| China | 5.6 | 6.5 | 6.7 | 7.2 | 7.5 | 7.8 | 7.7 | 7.4 | 7.6 | 8.0 | 8.1 | 8.2 | 7.8 | 8.0 |
| (a) Total world demand | 79.3 | 82.4 | 83.7 | 84.6 | 85.9 | 84.8 | 85.6 | 87.0 | 85.8 | 87.0 | 85.7 | 86.6 | 88.4 | 86.9 |

| Non-OPEC supply | | | | | | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| OECD | 21.7 | 21.3 | 20.5 | 20.2 | 20.5 | 20.2 | 19.8 | 20.1 | 20.2 | 20.1 | 19.7 | 19.5 | 20.3 | 19.9 |
| North America | 14.6 | 14.6 | 14.1 | 14.2 | 14.4 | 14.4 | 14.2 | 14.3 | 14.3 | 14.3 | 14.0 | 14.1 | 14.6 | 14.3 |
| Western Europe | 6.4 | 6.2 | 5.7 | 5.4 | 5.5 | 5.2 | 5.0 | 5.3 | 5.2 | 5.2 | 5.0 | 4.6 | 4.9 | 4.9 |
| Pacific | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | 0.8 | 0.9 | 0.7 |
| Developing countries | 10.3 | 10.5 | 10.8 | 10.9 | 11.0 | 10.9 | 10.9 | 11.0 | 10.9 | 11.2 | 11.3 | 11.6 | 11.7 | 11.4 |
| FSU | 10.3 | 11.1 | 11.5 | 12.0 | 12.5 | 12.4 | 12.5 | 12.6 | 12.5 | 12.6 | 12.8 | 12.9 | 13.2 | 12.9 |
| Other Europe | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| China | 3.4 | 3.5 | 3.6 | 3.7 | 3.8 | 3.8 | 3.7 | 3.7 | 3.8 | 3.8 | 3.9 | 3.9 | 3.9 | 3.9 |
| Processing gains | 1.8 | 1.8 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 2.0 | 1.9 | 1.9 | 2.0 | 1.9 |
| Total non-OPEC supply | 47.6 | 48.4 | 48.5 | 48.9 | 49.8 | 49.4 | 49.0 | 49.5 | 49.4 | 49.9 | 49.8 | 49.9 | 51.2 | 50.2 |
| OPEC NGLS and non-conventionals | 3.7 | 4.0 | 4.1 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.4 | 4.7 | 4.9 | 5.0 | 5.2 | 4.9 |
| (b) Total non-OPEC supply and OPEC NGLS | 51.3 | 52.5 | 52.6 | 52.9 | 54.0 | 53.8 | 53.4 | 54.2 | 53.8 | 54.6 | 54.6 | 54.9 | 56.3 | 55.1 |

| OPEC crude supply and balance | | | | | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|--|--|--|--|
| OPEC crude oil production¹ | 28.3 | 30.6 | 31.6 | 31.4 | 30.5 | 30.6 | 31.0 | 31.7 | 31.0 | 32.1 | | | | |
| Total supply | 79.6 | 83.0 | 84.2 | 84.4 | 84.5 | 84.4 | 84.4 | 85.9 | 84.8 | 86.7 | | | | |
| Balance² | 0.2 | 0.6 | 0.5 | -0.2 | -1.4 | -0.3 | -1.2 | -1.1 | -1.0 | -0.3 | | | | |

| Stocks | | | | | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|--|--|--|--|
| OECD closing stock level m b | | | | | | | | | | | | | | |
| Commercial | 2511 | 2538 | 2586 | 2672 | 2593 | 2660 | 2664 | 2580 | 2580 | 2561 | | | | |
| SPR | 1411 | 1450 | 1487 | 1499 | 1507 | 1506 | 1520 | 1524 | 1524 | 1528 | | | | |
| Total | 3921 | 3988 | 4073 | 4171 | 4100 | 4166 | 4184 | 4104 | 4104 | 4089 | | | | |
| Oil-on-water | 882 | 905 | 958 | 910 | 913 | 909 | 929 | 945 | 945 | na | | | | |
| Days of forward consumption in OECD | | | | | | | | | | | | | | |
| Commercial onland stocks | 51 | 51 | 52 | 54 | 54 | 55 | 53 | 52 | 53 | 53 | | | | |
| SPR | 29 | 29 | 30 | 31 | 31 | 31 | 31 | 31 | 31 | 32 | | | | |
| Total | 79 | 80 | 83 | 85 | 85 | 86 | 84 | 83 | 84 | 85 | | | | |

| Memo items | | | | | | | | | | | | | | |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| FSU net exports | 6.5 | 7.3 | 7.7 | 8.1 | 8.6 | 8.7 | 8.5 | 8.3 | 8.5 | 8.7 | 9.0 | 8.9 | 8.8 | 8.9 |
| [(a) – (b)] | 28.0 | 29.9 | 31.1 | 31.7 | 31.9 | 31.0 | 32.2 | 32.8 | 32.0 | 32.4 | 31.1 | 31.7 | 32.1 | 31.8 |

1. Secondary sources.

2. Stock change and miscellaneous.

Note: Totals may not add up due to independent rounding.

Table A above, prepared by the Secretariat's Petroleum Market Analysis 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 One and Two** on page 60 while **Graphs One and Two** (on page 61) show the evolution on a weekly basis. **Tables Three to Eight**, and the corresponding graphs on pages 62–63 show the evolution of monthly average spot prices for important products in six major markets. (Data for Tables 1–8 is provided by courtesy of Platt's Energy Services).

Table 1: OPEC Reference Basket crude oil prices, 2007–2008

\$/b

| Crude/Member Country | 2007 | | | | | | | | 2008 | | | | Weeks 13–17 (week ending) | | | | | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------------|--------------|--------------|---------------|---------------|---------------|
| | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | Mar 28 | Apr 4 | Apr 11 | Apr 18 | Apr 25 |
| Arab Light – Saudi Arabia | 62.83 | 64.15 | 65.92 | 71.05 | 68.76 | 74.28 | 79.31 | 89.02 | 86.29 | 88.75 | 91.26 | 99.23 | 106.05 | 98.69 | 98.23 | 103.35 | 107.34 | 111.12 |
| Basrah Light – Iraq | 59.74 | 61.79 | 64.09 | 70.53 | 66.83 | 72.14 | 77.47 | 86.26 | 82.79 | 85.21 | 88.80 | 97.19 | 103.28 | 96.28 | 95.24 | 100.58 | 104.80 | 108.57 |
| BCF-17 – Venezuela | 54.93 | 56.06 | 60.68 | 65.79 | 62.78 | 66.35 | 72.20 | 81.87 | 79.79 | 80.59 | 80.36 | 89.12 | 94.10 | 87.95 | 87.76 | 92.21 | 94.78 | 98.04 |
| Bonny Light – Nigeria | 70.01 | 70.03 | 74.45 | 79.21 | 73.34 | 79.87 | 85.60 | 95.32 | 93.55 | 94.85 | 96.98 | 106.68 | 112.52 | 104.91 | 104.66 | 109.88 | 113.78 | 117.90 |
| Es Sider – SP Libyan AJ | 66.06 | 66.03 | 70.25 | 75.81 | 69.84 | 76.07 | 81.80 | 91.92 | 90.75 | 91.40 | 94.28 | 103.03 | 108.42 | 101.26 | 100.65 | 105.78 | 109.68 | 113.80 |
| Girassol – Angola | 66.44 | 66.52 | 69.00 | 74.42 | 69.81 | 75.48 | 80.23 | 90.21 | 88.98 | 88.68 | 92.13 | 101.46 | 107.38 | 100.90 | 99.98 | 105.01 | 108.61 | 112.53 |
| Iran Heavy – IR Iran | 61.41 | 62.72 | 64.77 | 69.65 | 66.60 | 72.63 | 77.30 | 87.17 | 86.31 | 86.36 | 88.51 | 96.68 | 102.23 | 96.35 | 94.91 | 99.61 | 103.39 | 107.07 |
| Kuwait Export – Kuwait | 61.07 | 62.06 | 63.61 | 67.73 | 65.91 | 71.94 | 76.33 | 86.23 | 84.37 | 85.63 | 87.77 | 95.58 | 101.25 | 95.15 | 93.97 | 98.57 | 102.41 | 106.09 |
| Marine – Qatar | 64.79 | 65.34 | 66.15 | 70.20 | 69.43 | 73.78 | 78.68 | 87.94 | 87.54 | 88.35 | 90.12 | 97.67 | 104.30 | 97.48 | 97.12 | 101.50 | 105.38 | 108.97 |
| Minas – Indonesia | 68.74 | 68.12 | 68.41 | 76.88 | 73.67 | 76.98 | 84.96 | 93.64 | 94.53 | 95.33 | 95.55 | 104.62 | 109.02 | 102.90 | 101.94 | 106.33 | 110.05 | 113.63 |
| Murban – UAE | 68.39 | 69.21 | 70.74 | 74.40 | 71.80 | 77.16 | 81.98 | 90.95 | 90.72 | 92.04 | 94.25 | 102.15 | 109.44 | 101.76 | 102.09 | 106.82 | 110.37 | 114.10 |
| Oriente – Ecuador | 55.58 | 55.58 | 59.81 | 65.36 | 59.29 | 65.90 | 71.77 | 80.01 | 78.40 | 79.38 | 80.80 | 90.27 | 98.06 | 89.82 | 89.30 | 95.31 | 100.02 | 103.60 |
| Saharan Blend – Algeria | 69.71 | 70.13 | 74.05 | 78.21 | 73.44 | 78.60 | 84.45 | 94.57 | 93.15 | 93.60 | 96.73 | 105.68 | 111.57 | 103.91 | 103.70 | 108.93 | 112.83 | 116.95 |
| OPEC Reference Basket | 63.55 | 64.48 | 66.89 | 71.89 | 68.71 | 74.18 | 79.32 | 88.84 | 87.05 | 88.35 | 90.64 | 99.03 | 105.16 | 98.24 | 97.62 | 102.57 | 106.36 | 110.13 |

Table 2: Selected OPEC and non-OPEC spot crude oil prices, 2007–2008

\$/b

| Crude/country | 2007 | | | | | | | | 2008 | | | | Weeks 13–17 (week ending) | | | | | |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|---------------------------|--------|--------|--------|--------|--------|
| | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | Mar 28 | Apr 4 | Apr 11 | Apr 18 | Apr 25 |
| Arab Heavy – Saudi Arabia | 59.16 | 60.07 | 61.44 | 64.99 | 63.55 | 69.86 | 73.99 | 83.96 | 82.51 | 82.85 | 84.96 | 92.67 | 97.66 | 92.30 | 90.69 | 94.98 | 98.76 | 102.37 |
| Brega – SP Libyan AJ | 67.71 | 67.73 | 71.90 | 77.36 | 71.29 | 77.42 | 83.10 | 93.22 | 91.85 | 92.50 | 95.48 | 104.23 | 109.72 | 102.46 | 101.93 | 107.08 | 110.98 | 115.10 |
| Brent – North Sea | 67.51 | 67.38 | 71.55 | 77.01 | 70.74 | 76.87 | 82.50 | 92.62 | 91.25 | 92.00 | 94.98 | 103.58 | 108.97 | 101.81 | 101.20 | 106.33 | 110.23 | 114.35 |
| Dubai – UAE | 63.97 | 64.59 | 65.79 | 69.49 | 67.36 | 73.36 | 77.12 | 86.96 | 85.79 | 87.35 | 89.40 | 96.72 | 103.41 | 96.23 | 96.13 | 100.61 | 104.40 | 108.26 |
| Ekofisk – North Sea | 67.73 | 68.36 | 72.09 | 77.76 | 72.00 | 78.08 | 83.38 | 93.24 | 92.12 | 93.51 | 96.38 | 105.48 | 111.81 | 104.59 | 104.18 | 109.38 | 113.17 | 117.05 |
| Iran Light – IR Iran | 63.87 | 64.05 | 67.99 | 73.70 | 69.34 | 74.88 | 79.74 | 89.92 | 89.12 | 89.21 | 91.76 | 99.35 | 105.92 | 98.61 | 98.32 | 103.54 | 107.04 | 111.18 |
| Isthmus – Mexico | 60.60 | 60.60 | 65.40 | 71.11 | 66.60 | 72.65 | 78.79 | 88.59 | 87.53 | 88.07 | 90.28 | 99.79 | 106.60 | 98.63 | 98.25 | 103.91 | 108.14 | 112.04 |
| Oman – Oman | 64.45 | 65.04 | 66.08 | 70.09 | 68.34 | 73.56 | 77.55 | 87.16 | 86.82 | 88.54 | 90.12 | 97.82 | 104.09 | 97.57 | 96.85 | 101.54 | 105.31 | 108.67 |
| Suez Mix – Egypt | 61.27 | 61.34 | 65.42 | 71.44 | 66.94 | 71.41 | 76.90 | 87.60 | 85.80 | 86.38 | 88.49 | 95.81 | 102.44 | 94.71 | 95.03 | 99.91 | 103.87 | 107.62 |
| Tia Juana Light ¹ – Venez. | 58.60 | 58.54 | 63.31 | 68.98 | 64.93 | 70.69 | 76.90 | 86.55 | 84.73 | 85.52 | 87.93 | 96.80 | 103.29 | 95.67 | 95.22 | 100.69 | 104.79 | 108.57 |
| Urals – Russia | 63.92 | 64.29 | 67.83 | 73.90 | 69.25 | 73.78 | 79.52 | 90.24 | 89.02 | 89.22 | 91.14 | 98.95 | 105.75 | 98.29 | 97.73 | 103.31 | 107.63 | 111.09 |
| WTI – North America | 63.85 | 63.46 | 67.44 | 73.98 | 72.37 | 79.69 | 85.87 | 94.91 | 91.69 | 92.87 | 95.32 | 105.41 | 112.64 | 104.21 | 103.51 | 109.75 | 114.42 | 118.68 |

Note: As per the decision of the 109th ECB (held in February 2008), the basket 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 OPEC Reference Basket has been calculated according to the new methodology as agreed by the 136th (Extraordinary) Meeting of the Conference.

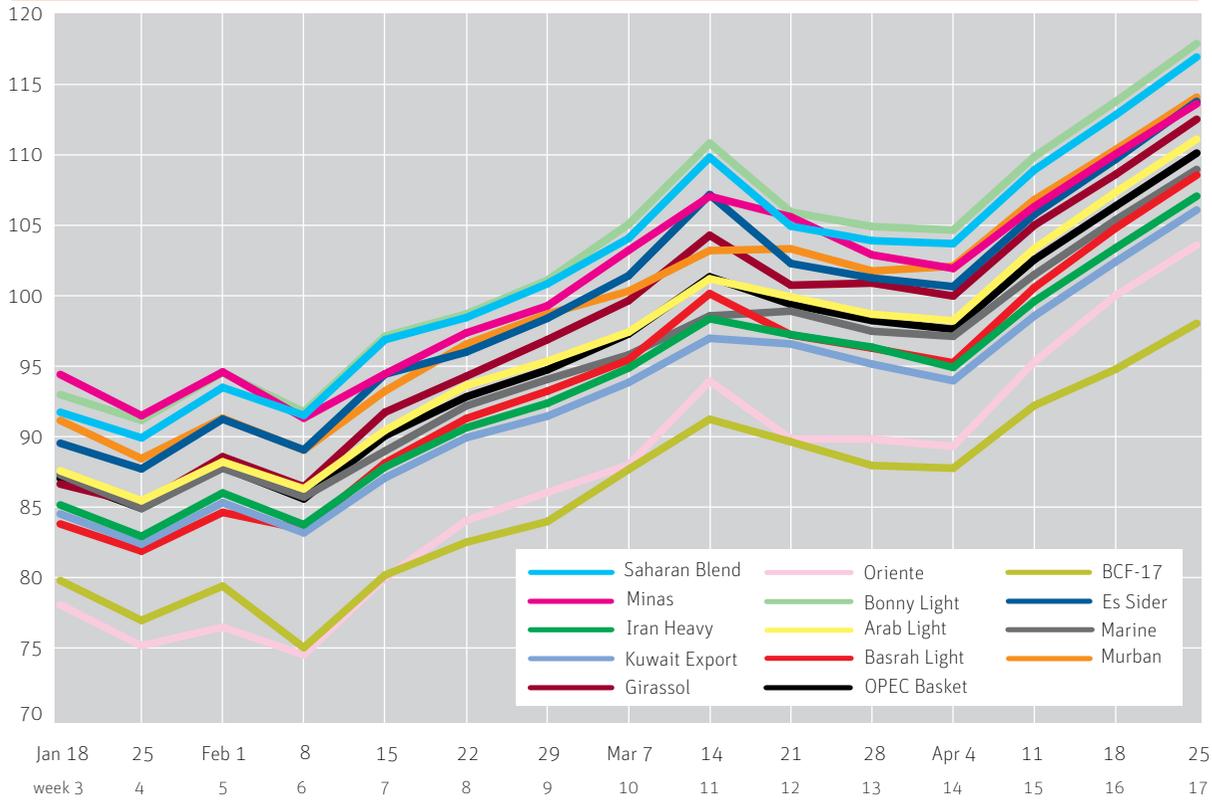
1. Tia Juana Light spot price = (TJL netback/Isthmus netback) x Isthmus spot price.

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; Reuters; Secretariat's assessments.

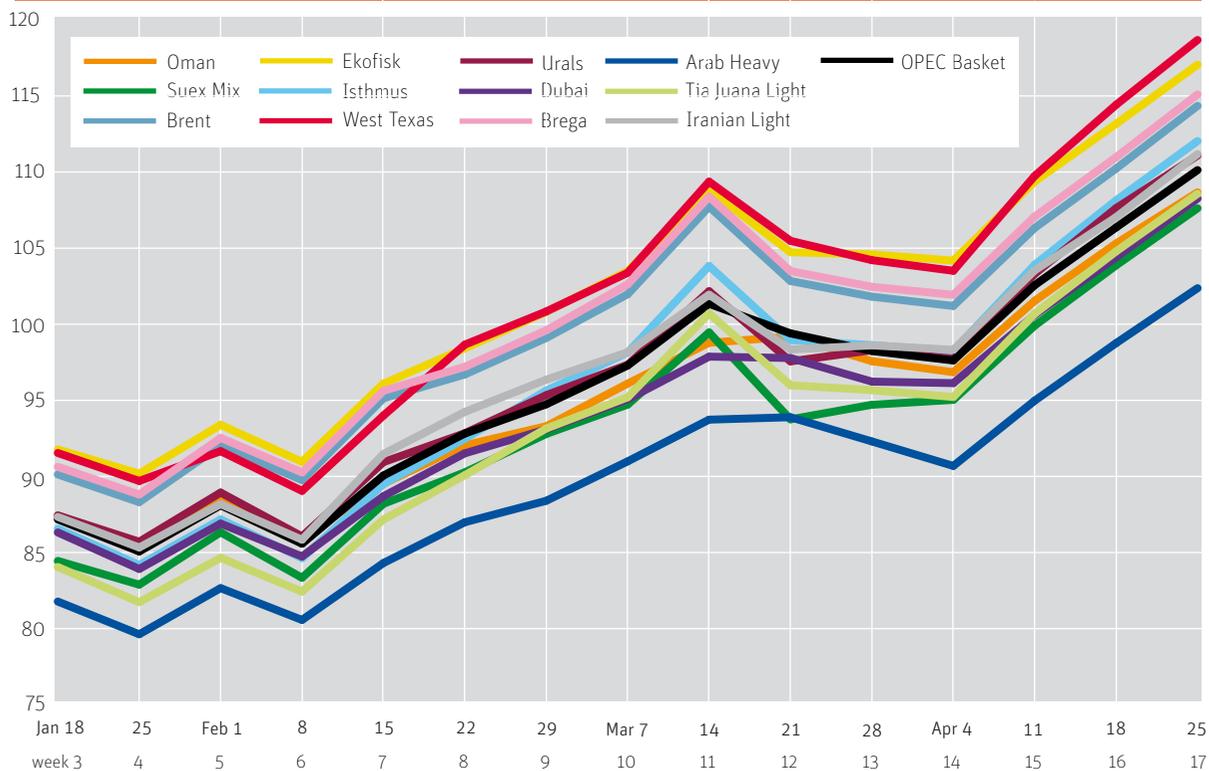
Graph 1: Evolution of the OPEC Reference Basket crudes, January to April 2008

\$/b



Graph 2: Evolution of spot prices for selected non-OPEC crudes, January to April 2008

\$/b

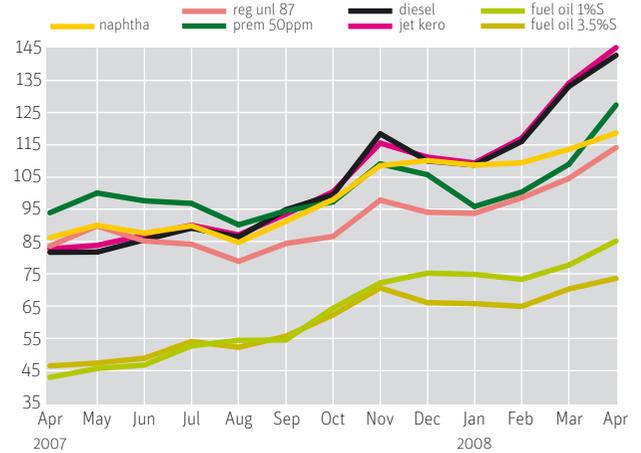


Note: As per the decision of the 109th ECB (held in February 2008), the basket has been recalculated including the Ecuadorian crude Oriente retroactive as of October 19, 2007. As per the decision of the 108th ECB, the basket has been recalculated including the Angolan crude Girassol, retroactive January 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 OPEC Reference Basket has been calculated according to the new methodology as agreed by the 136th (Extraordinary) Meeting of the Conference.

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 |
|-------------|---------|---------------------------|------------------------|--------------------|----------|--------------|----------------|
| 2007 | | | | | | | |
| April | 86.19 | 83.57 | 93.90 | 81.65 | 82.71 | 42.91 | 46.46 |
| May | 90.03 | 89.81 | 100.00 | 81.72 | 83.79 | 45.66 | 47.33 |
| June | 87.58 | 85.13 | 97.59 | 85.50 | 87.00 | 46.72 | 48.83 |
| July | 89.84 | 84.15 | 96.78 | 89.12 | 90.01 | 52.66 | 54.01 |
| August | 84.70 | 78.85 | 90.16 | 86.40 | 87.03 | 54.39 | 52.23 |
| September | 91.24 | 84.36 | 94.47 | 94.83 | 93.42 | 54.49 | 55.65 |
| October | 97.94 | 86.55 | 97.25 | 99.44 | 100.40 | 64.34 | 62.26 |
| November | 108.46 | 97.79 | 109.03 | 118.34 | 115.45 | 72.16 | 70.61 |
| December | 110.06 | 94.04 | 105.68 | 109.94 | 111.11 | 75.17 | 66.06 |
| 2008 | | | | | | | |
| January | 108.66 | 93.74 | 95.82 | 108.70 | 109.32 | 74.81 | 65.73 |
| February | 109.36 | 98.52 | 100.30 | 115.98 | 116.97 | 73.26 | 64.89 |
| March | 113.53 | 104.51 | 108.91 | 133.01 | 134.00 | 77.69 | 70.28 |
| April | 118.58 | 114.11 | 127.26 | 142.66 | 145.05 | 85.16 | 73.57 |



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 |
|-------------|---------|------------------------|--------------------|--------------|----------------|
| 2007 | | | | | |
| April | 71.19 | 93.67 | 81.44 | 47.01 | 46.53 |
| May | 74.42 | 101.00 | 82.85 | 49.97 | 46.49 |
| June | 72.68 | 97.63 | 85.44 | 52.59 | 48.68 |
| July | 75.51 | 96.51 | 89.63 | 58.29 | 53.68 |
| August | 71.54 | 89.06 | 87.56 | 55.92 | 52.70 |
| September | 77.52 | 93.63 | 95.31 | 58.59 | 56.10 |
| October | 82.97 | 96.73 | 99.29 | 64.04 | 62.37 |
| November | 90.71 | 109.76 | 117.22 | 74.37 | 70.01 |
| December | 92.01 | 106.35 | 111.52 | 73.12 | 65.28 |
| 2008 | | | | | |
| January | 91.81 | 107.01 | 109.47 | 73.04 | 63.97 |
| February | 92.56 | 110.83 | 117.20 | 72.13 | 64.09 |
| March | 95.98 | 117.31 | 134.27 | 77.08 | 70.84 |
| April | 99.53 | 127.26 | 142.80 | 83.24 | 72.73 |

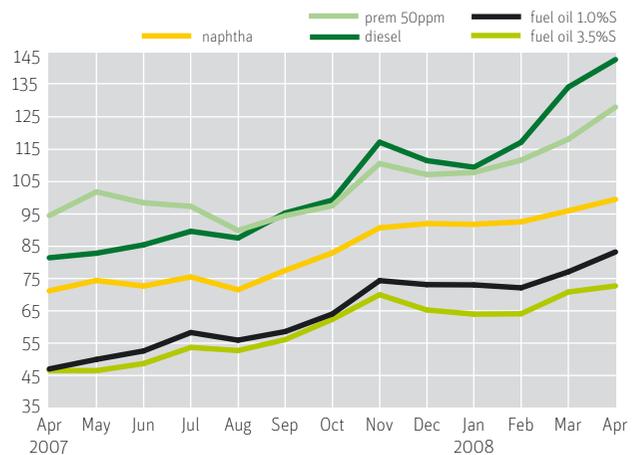


Table and Graph 5: US East Coast market – spot cargoes, New York

\$/b, duties and fees included

| | regular gasoline unleaded 87 | gasoil | jet kero | fuel oil 0.3%S | fuel oil 2.2%S |
|-------------|------------------------------|--------|----------|----------------|----------------|
| 2007 | | | | | |
| April | 88.17 | 84.08 | 85.43 | 57.18 | 47.06 |
| May | 94.90 | 83.17 | 86.92 | 60.03 | 52.09 |
| June | 92.84 | 87.29 | 88.32 | 62.34 | 52.18 |
| July | 91.00 | 89.34 | 91.03 | 65.76 | 57.33 |
| August | 83.95 | 86.19 | 88.42 | 65.49 | 56.16 |
| September | 87.97 | 95.23 | 97.29 | 67.22 | 58.08 |
| October | 91.05 | 99.82 | 100.20 | 75.24 | 64.66 |
| November | 102.14 | 113.00 | 113.45 | 82.05 | 72.30 |
| December | 97.92 | 109.23 | 111.68 | 88.12 | 70.22 |
| 2008 | | | | | |
| January | 98.88 | 107.35 | 111.81 | 89.99 | 69.75 |
| February | 101.85 | 113.77 | 115.85 | 85.22 | 68.18 |
| March | 106.38 | 132.13 | 136.96 | 91.08 | 72.57 |
| April | 116.59 | 140.12 | 147.84 | 95.95 | 77.62 |



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 |
|-------------|---------|--------|----------|--------------|----------------|
| 2007 | | | | | |
| April | 88.22 | 77.36 | 86.11 | 43.06 | 42.90 |
| May | 81.49 | 81.02 | 87.42 | 48.09 | 48.03 |
| June | 78.14 | 83.37 | 88.28 | 48.18 | 48.05 |
| July | 77.87 | 86.29 | 90.57 | 53.33 | 52.11 |
| August | 74.95 | 83.03 | 88.49 | 52.16 | 52.11 |
| September | 91.46 | 91.46 | 96.31 | 54.06 | 54.03 |
| October | 85.92 | 95.79 | 100.35 | 60.66 | 60.61 |
| November | 95.46 | 108.38 | 112.97 | 68.30 | 68.09 |
| December | 90.75 | 106.60 | 110.05 | 65.77 | 65.05 |
| 2008 | | | | | |
| January | 94.38 | 110.58 | 110.12 | 65.23 | 65.00 |
| February | 94.51 | 115.08 | 115.52 | 63.63 | 63.88 |
| March | 104.32 | 128.77 | 131.98 | 68.09 | 68.51 |
| April | 110.69 | 135.42 | 141.20 | 73.12 | 72.57 |

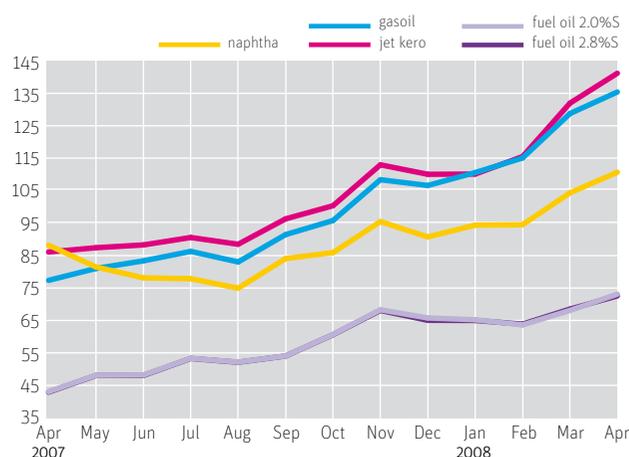


Table and Graph 7: Singapore market – spot cargoes, fob

\$/b

| | naphtha | premium gasoline unl 95 | premium gasoline unl 92 | diesel ultra light | jet kero | fuel oil 180 Cst | fuel oil 380 Cst |
|-------------|---------|-------------------------|-------------------------|--------------------|----------|------------------|------------------|
| 2007 | | | | | | | |
| April | 74.22 | 83.49 | 82.69 | 83.18 | 80.91 | 51.24 | 50.87 |
| May | 76.73 | 88.77 | 87.96 | 84.47 | 82.14 | 51.34 | 50.82 |
| June | 73.12 | 84.79 | 83.82 | 85.67 | 83.75 | 53.37 | 53.03 |
| July | 75.10 | 85.35 | 84.36 | 89.57 | 84.28 | 57.53 | 57.39 |
| August | 71.34 | 77.15 | 76.05 | 86.33 | 84.28 | 56.34 | 55.71 |
| September | 75.28 | 82.51 | 81.35 | 93.78 | 90.44 | 58.90 | 58.15 |
| October | 81.18 | 88.71 | 87.46 | 98.11 | 96.62 | 65.70 | 65.67 |
| November | 91.38 | 100.29 | 98.94 | 112.26 | 112.77 | 74.21 | 73.95 |
| December | 92.24 | 98.38 | 97.09 | 111.33 | 108.31 | 70.37 | 70.89 |
| 2008 | | | | | | | |
| January | 93.12 | 100.49 | 99.56 | 108.94 | 106.17 | 70.04 | 70.56 |
| February | 94.99 | 104.97 | 104.04 | 114.97 | 111.03 | 70.00 | 70.26 |
| March | 97.54 | 109.66 | 109.12 | 130.49 | 125.31 | 74.57 | 73.86 |
| April | 102.53 | 117.98 | 117.02 | 143.38 | 138.44 | 80.98 | 78.14 |

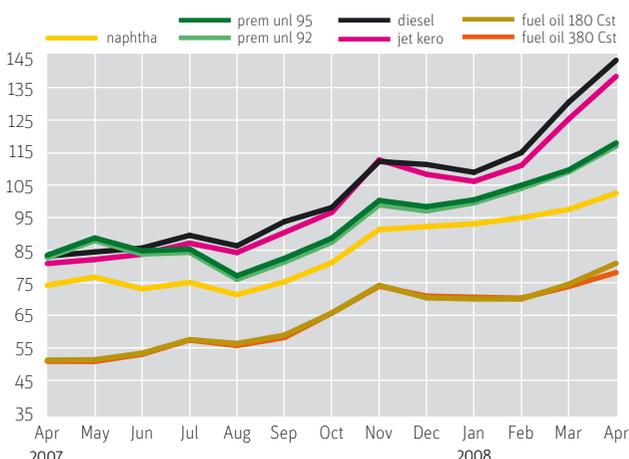
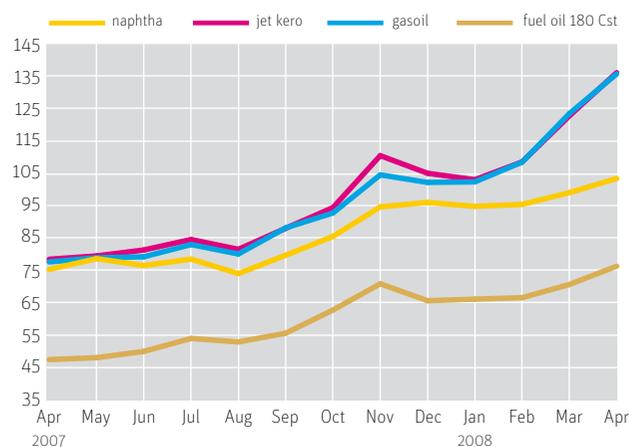


Table and Graph 8: Middle East Gulf market – spot cargoes, fob

\$/b

| | naphtha | gasoil | jet kero | fuel oil 180 Cst |
|-------------|---------|--------|----------|------------------|
| 2007 | | | | |
| April | 75.19 | 77.50 | 78.33 | 47.32 |
| May | 78.52 | 78.79 | 79.36 | 47.92 |
| June | 76.39 | 79.09 | 81.19 | 49.86 |
| July | 78.36 | 82.85 | 84.43 | 53.85 |
| August | 73.90 | 79.95 | 81.40 | 52.78 |
| September | 79.57 | 88.02 | 87.89 | 55.48 |
| October | 85.38 | 92.62 | 94.29 | 62.64 |
| November | 94.50 | 104.39 | 110.34 | 70.75 |
| December | 95.88 | 102.07 | 104.89 | 65.52 |
| 2008 | | | | |
| January | 94.67 | 102.23 | 102.90 | 66.01 |
| February | 95.28 | 108.33 | 108.39 | 66.45 |
| March | 98.90 | 123.32 | 122.63 | 70.53 |
| April | 103.27 | 135.60 | 135.98 | 76.18 |



Source: Platts. Prices are average of available days.

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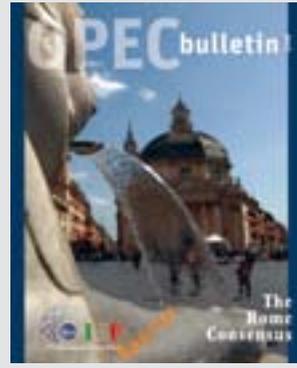
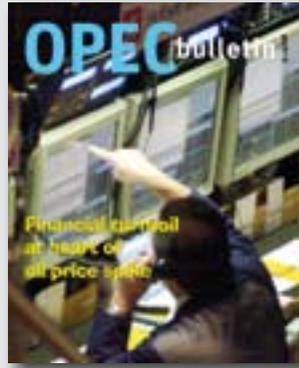
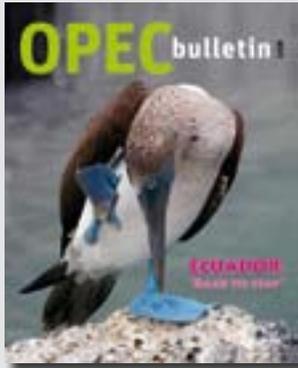
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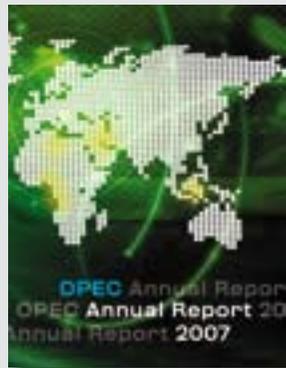
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