

OPEC bulletin

9/15



50

years in Vienna





Thank you Austria — thank you Vienna!

September 1st 2015 marked a special occasion in OPEC's long and eventful history. For it was on this day half a century ago that the Organization first arrived in the Austrian capital, Vienna after spending its first five years in the Swiss Canton of Geneva. The Austrian government, still rebuilding after the ravages of the World War II, was keen to attract international organizations to its capital and hence offered the Organization more attractive terms than it had in Geneva. It resulted in OPEC becoming the third international organization to set up offices in Vienna after the International Atomic Energy Agency (IAEA) and the United Nations Industrial Development Organization (UNIDO).

For the record, OPEC's first address in Vienna was Möllwaldplatz 5 in the city's fourth district, where it busied itself appointing new members of staff to support its fledgling activities and initiatives. Just over a year later, with the expansion continuing, it moved to more spacious premises at Dr-Karl-Lueger-Ring 10 (now Universitätsring) in the central first district, where it remained for a decade. In 1977, again needing more office space to support its growing workforce, especially for its research undertaking, it relocated to Obere Donaustrasse 93 in the second district, where it stayed for 32 years. The year 2009 saw OPEC move back to the first district — to its current eight-storey headquarters at Helferstorferstrasse 17.

The decision for the Organization to move to Vienna was approved under a Host Agreement at the 8th (Extraordinary) Meeting of the OPEC Conference, held in Geneva in April 1965. OPEC's first meeting in Vienna — the 10th Meeting of the Conference — was convened in December 1965. It represented the start of a long and prosperous relationship that has seen ties between OPEC and Austria go from strength to strength. This has been extremely beneficial to both sides. For Vienna, OPEC's presence in the country, other than its international standing, represents huge economic benefits.

The fact is that up to September this year, 95 of the Organization's 167 Ministerial Conferences have been held in the capital. Each one of these meetings has attracted a large number of delegates from OPEC Member Countries, in addition to numerous analysts, experts and many representatives from the international media. But it does not end there. To date, OPEC has held six international seminars in Vienna, the last four of which have been at the historic Hofburg Palace. Attendees to the last seminar held in June this year numbered over 800, for example. In addition to this, OPEC convenes regular workshops, roundtables and high-level meetings in Vienna with other interested parties

associated with the global energy sector. All in all, it is very lucrative for Austria.

But it is by no means a one-way street. The advantages OPEC gains from being in Vienna are immeasurable. One of the most important aspects for any successful operation is to be able to work and prosper in a functional, creative and enabling environment. In this regard, what Austria and Vienna offer is second to none. The fact the capital is regularly voted as the top city in the world for 'livability' speaks volumes. It is also a cultural haven and blessed with so many amenities. This, in turn, creates the perfect conditions for the Organization to conduct its business in, business that is invariably challenging. At all times, OPEC is aware of the level of professionalism and care attached to it being in Vienna. There is a real sense of belonging.

In all means that, today, OPEC celebrates its 50th anniversary in Austria with a true feeling of achievement and genuine satisfaction. Few would have believed half a century ago that the Organization would have risen to the heights it has today in the global energy arena. Apart from developing into one of the most important and influential organizations on the world stage, OPEC's growth, assertiveness and sense of responsibility have demonstrated to other developing countries the world over what can be achieved through a collective will, perseverance and dedication when the cause is just — protecting one's sovereign rights.

The Organization's aims and objectives remain as true today as they did in September 1960 when five developing countries, determined to exercise control over their own destinies, took part in a landmark meeting in Iraq, Baghdad, that signaled the birth of the Organization. OPEC still seeks to secure a steady supply of crude oil to its consumers at reasonable prices and it still aims for fair returns for investors in the industry. But the world today is a much more integrated, interconnected and interdependent arena than it was 50 years ago, necessitating a broadening of its scope of activities. Each year, the transition continues.

Many people have contributed to OPEC's success over the years, but none more so than the authorities of the Republic of Austria and City of Vienna. The Organization will forever be grateful to the visionaries that 50 years ago asked OPEC to make Vienna its home. Austria's exemplary support, which without question enables OPEC to function at its best, will always be held in the highest regard. On this special occasion, OPEC pays tribute to its warm and generous hosts — and to a grand and unique city.

Thank you Austria – thank you Vienna!





Photo: Simonis Wien



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Cover

This month's cover reflects 50 years of OPEC in Vienna, showing a Vienna city view and the first (top) and present (bottom) OPEC headquarters since moving to Vienna in 1965 (see feature on page 4).

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OPEC Membership and aims

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



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Contributions

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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of OPEC in Vienna

OPEC was founded in Baghdad, Iraq in September 1960. It spent its first five years based in Geneva, Switzerland, before moving to Vienna in 1965.

*The following message prepared especially for the OPEC Bulletin by Austria's President, **Heinz Fischer**, marks the Organization's half century in the Austrian capital.*



Photo: Simonis Wien

Austria's President, Heinz Fischer.



OPEC was one of the first international organizations to pick Vienna as the seat for its headquarters. To ensure stable market conditions in the interest of producers and consumers, OPEC has coordinated and unified the petroleum policies of its Member States out of Vienna for 50 years.

In the course of those 50 years, the price of oil has gone up and down, the number of OPEC Member States has increased and the Organization itself moved locations three times, from its first offices at Möllwaldplatz to its first headquarters at the Universitätsring (formerly Dr-Karl-Lueger-Ring) to the Donaukanal, and then to a new building close to the Vienna Stock Exchange five years ago. During this time, there has been no change in the significance of OPEC as a major player in international energy policy, whose Member States account for about 40 per cent of the world's oil production.

As one of the oldest and most significant organizations based in Vienna, OPEC contributes to the attractiveness of the city as an international energy hub and an important location for international organizations. OPEC is also an indispensable part of the Vienna Energy Club, made up of ten international organizations that have been meeting regularly since 2009 to discuss energy-relevant questions.

The fluctuation of the price of oil over the course of the last year has confirmed the importance of OPEC for the stabilization of the global oil market. OPEC strives to provide market-development predictability, as well as planning dependability, which is of great importance for consumers and producers alike.

I am very pleased that OPEC has been our guest in Vienna for half a century. I congratulate the Organization, as well as the City of Vienna on this important anniversary, and I wish OPEC many more productive and successful years in Vienna.

Heinz Fischer

OPEC celebrates half century of Vienna as its home

50 years of sharing

As anyone celebrating their golden anniversary will tell you, all relationships have their hills and valleys. But any relationship that has lasted half a century has matured and endured and eventually created its own identity.

By Maureen MacNeill



ARTICLE 1
Whereas the member States:
1. "OPEC" means the Organization of the Petroleum Exporting Countries.
2. "The Commission" means the Executive Commission of the Board of Directors.
3. "The Secretariat" means the Secretariat General of OPEC in its official headquarters.



Fifty years ago,

OPEC met the City of Vienna. Perhaps it was not the most romantic first date. No gentle words of persuasion were needed. Over time though, these two entities have come to know each other in a personal way — the characters, the events, the stories — and have developed a shared history and a deep and mutual respect.

The OPEC Secretariat was originally established in 1961 in Geneva, Switzerland. In April 1965, the 8th (Extraordinary) Meeting of the OPEC Conference approved a Host Agreement with the Government of Austria, effectively moving the Organization’s headquarters to the city of Vienna on September 1, 1965.

“When the Secretariat moved to Vienna in 1965, OPEC was still a very young organization — only five years old — and unknown to many. Over the past 50 years, it has faced and overcome many obstacles and challenges, it has grown in stature and is now a major stakeholder in the global oil market,” says OPEC Secretary General, Abdalla Salem El-Badri.

He adds: “I would like to thank the Austrian people for their support and the City of Vienna for being excellent hosts and fully supportive of our Organization as it has grown in size, expertise and influence. Long may our successful relationship continue as we tackle the challenges and opportunities that lie ahead.”

The OPEC Secretariat has been located in various locations around Vienna over the years. Its headquarters was first located in two small buildings along Möllwaldplatz 5 in the city’s fourth district. It then moved to Dr-Karl-Lueger-Ring 10 (renamed Universitätsring in 2012) in the city’s historic first district before moving in 1977 to Obere Donaustrasse 93, alongside the Danube Canal, in Vienna’s second district.

In November 2009, the OPEC Secretariat returned to the city’s first district near the former headquarters of the Vienna Stock Exchange at Helferstorferstrasse 17 — its present location.

The original Host Agreement was signed by Ashraf Lutfi, then OPEC Secretary General, and Dr Bruno Kreisky, the Austrian Foreign Minister at that time. It marked the

In April 1965, the 8th OPEC Conference, at its meeting in Geneva, decided to relocate the Organization’s Headquarters to Vienna, Austria. Following successful negotiations with the Austrian Government, a Host Agreement was signed on September 1, 1965, by then Secretary General, the late Ashraf T Lutfi (seated r) of Kuwait, and Austrian Foreign Minister, the late Dr Bruno Kreisky (seated l).



First premises ... Möllwaldplatz 5, in Vienna's fourth district.



Second office ... Dr-Karl-Lueger-Ring 10, in Vienna's first district.

beginning of a relationship that has grown and strengthened over the years.

Many OPEC members of staff — past and present — have come to Vienna from far away, just to work at the Organization. They have shared their lives with Austrians living here and their families have grown up together and gone to the same schools. They have learned the local language and culture and often decided to make Austria their permanent home.

Enis Al-Attar, now 81, was employed at OPEC for 26 years until he went into pension in 1996. He describes his daily life and adventures at the Organization as being “the best years of my life.”

He says with affection: “I retired 20 years ago, but I still dream about life in OPEC.”

Born in Austria of an Austrian mother and Iraqi father, Attar spent most of his childhood growing up in Iraq — the peaceful and lovely Iraq of old. As a young man, he worked for Iraqi Airways and was offered a position in Vienna to open an office in 1957.

After leaving Baghdad in 1961, due to deteriorating conditions there, he landed a job in Middle East Airlines as the company’s top man in Austria. Through this connection, he got to know many of the staff at OPEC when it moved to Vienna in 1965.

“OPEC was known to the Arab world, therefore, it was known to me,” he stresses. “The Secretary General was a very nice man. I visited him and introduced myself and the airline. We were providing services to OPEC Countries. I developed a personal relationship with many and became good friends.”

A job as Administrative Assistant was created for him in OPEC in 1976. The title then changed to Administrator, a position Attar occupied until his retirement.

“I did many tasks that were not part of the job description because of my knowledge of language and contacts,” he says. “Fluency in Arabic was appreciated by many.”

With OPEC, he travelled a lot, supervised conferences and had a large scope of work, including being involved in three changes of staff regulation. “It was an honour to be in Member Countries and to know Governors who became Secretary Generals.”

In fact, ‘Attache Attar’ — a title he received because of the role he played in relaying a message during the 1975 attack on OPEC of Ilich Ramírez Sánchez, or Carlos the Jackal — received a medal from the Austrian government a few months after his retirement, in part because of his role in that incident, but also because of other work

he did that improved relations between the Austrian government and OPEC.

“I was a contact person between the two ... nothing official, but being Austrian and speaking German makes it easier to do the job,” he explains.

It was Kreisky himself who gave Attar the nickname ‘Attache Attar’ after he was escorted to the Interior Ministry with a message from Carlos to deliver to Kreisky. “I sat next to Kreisky. I didn’t have a title, so he called me ‘Herr Attache’, and the title stuck with me throughout my career at OPEC.”

Revisiting old faces

“He had a sense of humour,” states Djemal Berrouka, speaking of Ali Jaidah, OPEC’s Secretary General in 1977–78. Berrouka enthusiastically discusses the Secretary Generals he knows from those that adorn the walls of the press room at the OPEC Secretariat as he tours the building in Helferstorferstrasse. It’s his first visit to the new Secretariat and his face brightens as he relives the times of old.

Berrouka, 82, joined OPEC on June 21, 1972, during the last six months of the term of the then Secretary General, Dr Nadim Pachachi of Iraq. The trained lawyer was offered a position as Attendant Legal Studies Officer in the Organization’s Legal Department and he left his job at the Foreign Office in his home country of Algeria to travel to Vienna.

“My father was born in a tent of nomads ... my parents ended up in a house in the south of Algeria. I was born in green country with lots of food and wood and I left for a moon landscape. The south has two parts, sand dunes and stones. You can only see the stars. It’s the most beautiful sky I have seen in my life,” he notes.

When asked how he came to be at OPEC, he answers: “It’s a funny trick of destiny. The older I get, the more I think we have no control over destiny. We only have the illusion we have control.”

Berrouka spent eight years at OPEC and had a front-row seat during the formative years which made OPEC the Organization it is today; at the time it was evolving quickly and went through a great many changes.

He also served as Senior Legislation and Contracts Officer as of August 1974 and finally as Head, Office of the Secretary General after 1974 until his tenure ended in 1980.

“It was a very exciting time, pivotal historical moments. When I joined, there were about 50 people on



The second move for OPEC was to Obere Donaustrasse 93, in Vienna’s second district.

OPEC moved again in March 1977 to Obere Donaustrasse 93, situated alongside the Danube Canal in Vienna’s second district. The new Host Agreement was signed by then OPEC Secretary General, Dr Abderrahman Khene (seated l), of Algeria, and Dr Rudolf Kirchscläger (seated r), then Austrian President.



The current headquarters — Helferstorferstrasse 17, in Vienna’s first district.

Dr Michael Spindelegger (seated r), then Austrian Minister for European and International Affairs, with Abdalla Salem El-Badri (seated l), OPEC Secretary General, signing the amended Headquarters Agreement.

staff, from the Secretary General to the secretaries,” he recalls. That is in contrast to today’s total staff of around 150.

Berrouka was an OPEC officer with a fixed position of two years, renewable for two more years. But he was later extended to a total of eight years. His workload quickly started to increase as he was instrumental in preparing the first Summit of OPEC Heads of State and Government, which was held in Algiers in 1975.

This landmark meeting addressed the plight of the poorer nations and called for a new era of cooperation in international relations in the interests of world economic development and stability. It led to the Algiers Solemn Declaration, which “reaffirmed the natural solidarity which unites OPEC Countries with other developing countries in their struggle to overcome underdevelopment”

and called for measures to strengthen cooperation between these countries.

It was as a result of this that the OPEC Special Fund (later to be renamed the OPEC Fund for International Development) was established in January 1976 by the then 13 Member Countries of OPEC. The idea was that the Fund’s resources would be additional to those already made available by OPEC states through a number of bilateral and multilateral channels. It was also at this point that Member Countries embarked on ambitious socio-economic development schemes.

“All media the world over became focused on this Organization called OPEC. This (first summit) caused ten times more press,” comments Berrouka.

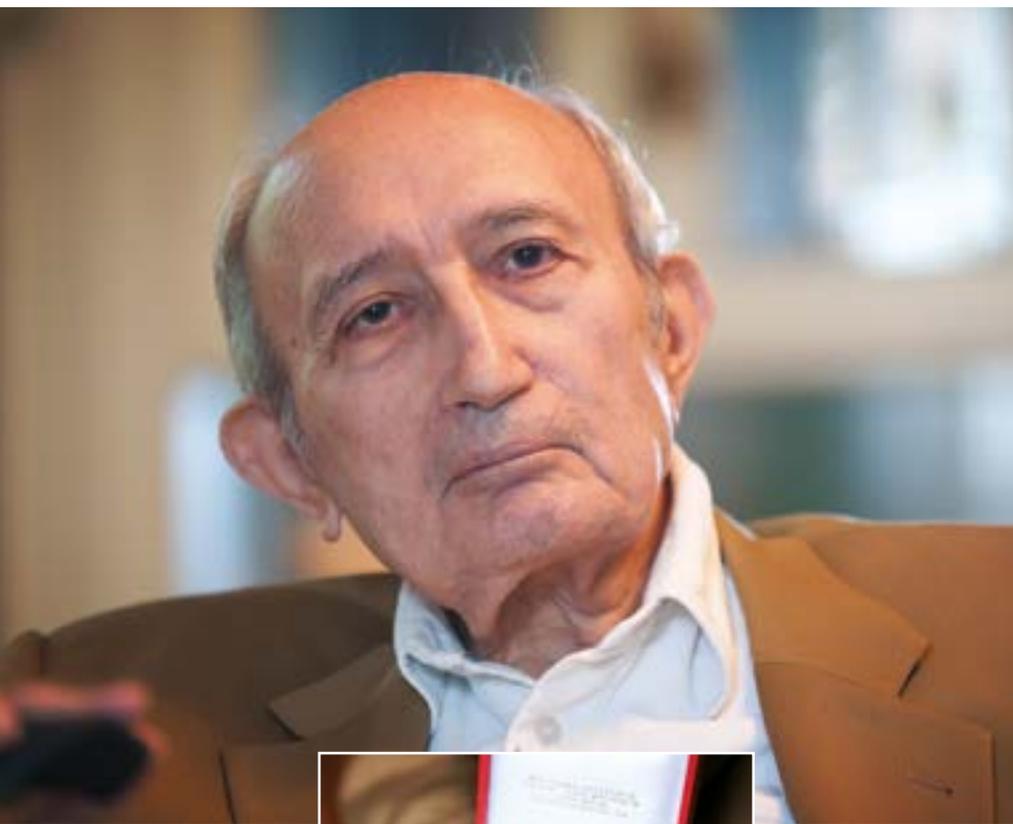
“It was a fantastic opportunity for me. The older I am, the more I realize the importance of this. I was at the time just rolling along, not realizing the importance. The solidarity of this union was so strong that nobody could move it, despite the cultural and ethnic differences. It was an economic organization that became the society of OPEC.

“It was also so good to know different nationalities. Not a superficial connection, but deep. I gained so many things knowing such varied people from different nationalities and civilizations,” observes Berrouka. “It was a fantastic experience for me and I am still living it now.”

He still remembers organizing and taking the trip to Paris that January in 1976 when the OPEC Special Fund was made concrete at a north-south dialogue there. “There was a big cavalcade,” he says, with very high security. That year saw many more meetings, to set up the Fund. Fund meetings were held at the OPEC Secretariat until May 1980 when the institution was endowed with financial and legal authority and its new name. It thus became a permanent organization, with the same status as the Secretariat.

In September 1980, Berrouka was appointed Secretary of the Fund and tasked with the job of finding a building for the fledgling institution, as well as to negotiate a separate agreement with the Austrian authorities. He stayed at the OPEC Fund until his retirement.

“I came with 17 proposals (for a building). They kept two ... the *ad-hoc* Committee for the OPEC Fund Governing Board decided to select Deutschmeister Palais.” The luxurious building on Parkring 8 in the first district was designed in 1864–68 by the Danish-Austrian architect,



Enis Al-Attar, former Administrator at OPEC, recalls ‘the best years of his life’. For his work as a liaison between OPEC and Austria, Attar received the ‘Grand Decoration of Honour for services to the Republic of Austria’.



Djemal Berrouka (l), former Head of Protocol in the Office of the Secretary General, who also worked at OFID until his retirement recalls old faces and places. Pictured with the Bulletin’s Maureen MacNeill.

Theophil von Hansen, as a residence for Archduke Wilhelm Franz of Austria (1827–94).

OPEC’s image in the media changed in 1974–75 as a result of the Organization’s efforts, says Berrouka.

Attar points out that, today, events and history have changed so that OPEC is a much more recognized organization than it was 50 years ago.

“During my time and 20 years after, it did a lot of public relations work to improve its image and help correct what the public did not know worldwide. Some people think the oil price increase is decided by OPEC in Vienna, but we explained that we just make studies and submit these to the Ministers and the Board of Governors (BoG) and they make their own decisions. It had nothing to do with the staff here.”

OPEC’s move to Vienna

When OPEC came to Vienna, Austria was recovering from the war and seeking to attract international organizations to set up their headquarters in the country. “They were a neutral state like Switzerland and Sweden. It was the cleverness of the foreign ministry to turn this into a positive thing,” affirms Berrouka. Austria had the required conditions to turn Vienna into an international centre.

“It qualified to be a United Nations international centre, especially under Kreisky ... there was good policy.

“Kreisky saw Vienna as a connecting point between east and west.”

Michaelerplatz entrance to the historic Vienna Hofburg Palace, where OPEC holds its regular Seminars.



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Attar states that the Organization’s relationship to Austria and Vienna continued to warm over time as the country gained more knowledge of the Organization and its goals.

OPEC supports local industry and hotels with its high-level events. In addition, many Austrians are employed at the Secretariat.

When the Organization moved to Vienna in 1965, there were only a few rooms available in some hotels, says Attar. “We rented in two places ... Vienna was

“OPEC could have been anywhere, but it wanted to be in a neutral country, which Austria was and is,” states Attar.

Another reason OPEC chose Vienna as its home is that the country was willing to grant diplomatic status to the Organization and its officers, he adds.

“Kreisky gave diplomatic status and advantages ... there were financial benefits to OPEC. The headquarters agreement was redone a few times with improvements so that OPEC staff had the same privileges as the UN. Now it is the same as all diplomatic missions here.”

In fact, it was Berrouka who called to the attention of OPEC Secretary General, Dr Abderrahman Khène, of Algeria (1973–74) the need to open negotiations on the diplomatic status of OPEC with the host authorities under the principles of the most favoured organizations clause. The first step was to get senior officers full diplomatic status and at a later stage this was extended to officers (staff from Member Countries).

The high level of cooperation with the Austrian authorities was great, he says. “They gave such a satisfactory answer to our various requests for improvement. They were very, very cooperative. This showed in their ‘Gastfreundschaft’ (hospitality) ... I am still enjoying this hospitality today.

“OPEC was one of the first to make its headquarters here. First there was the International Atomic Energy Agency (IAEA), then the United Nations Industrial Development Organization (UNIDO), and then OPEC,” says Attar, adding that many international organizations came to Vienna after OPEC, perhaps also encouraged by the Organization’s presence.

In 1975, Austria offered to have OPEC move in with the United Nations, but the Organization preferred to keep its independence, he notes.

“The existence of OPEC brings many advantages to Vienna. It has even encouraged tourism,” maintains Attar, who still very actively stays on top of current affairs and pauses during the interview to watch the news.

“A few days ago there was a report that Arab tourism to Austria has increased by 180 per cent. It helps that OPEC is here — it is always mentioned in the news with Vienna.”



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The Vienna City Hall in the first district.

not as blooming in terms of building and construction. We could not find a proper place. There were two sites — at Möllwaldplatz and Brücknerstrasse — then Dr-Karl-Lueger-Ring.

Important people and times

Continuing with his reminiscence, Attar says 1973 was a very important year in the oil business. Arab countries stopped producing oil, until prices approximately quadrupled, from \$3/barrel to \$12/b.

He specifically remembers Iranian Minister, Jamshid Amouzegar (Prime Minister of Iran from 1977–78), who headed several Ordinary Meetings at OPEC between 1965 and 1974. He was instrumental in implementing price hikes, which provided the resources for Iran to modernize. “He was the most powerful man in the country, after the Shah. He made very important oil decisions and shaped the direction of the oil industry today.”

Attar also remembers OPEC Secretary General, Ashraf Lutfi (1965–66), because of his decision to move OPEC to Vienna, as well as Ali M Jaidah of Qatar (1977–78). “He was a personal friend of mine before he became the SG,” he says, adding that he used to babysit Jaidah’s Labrador dog, Monty!

Both Attar and Berrouka also had the unfortunate experience of being taken hostage during the attack by the infamous Carlos the Jackal on the building in Dr-Karl-Lueger-Ring on December 21, 1975. The building was taken under siege on the Sunday at around 11:45 am.

Vienna 50 years ago

Vienna consistently ranks among the top cities in the world to live in terms of quality of life. Although so much history is captured in the city, it has also changed tremendously over the years, according to Professor Herbert Hofstätter, Petroleum Expert at Montanuniversität Leoben, which has seen many graduates from OPEC Member Countries pass through its doors over the years.

Fifty years ago, the ravages of the Second World War could still be seen in the city, he says. However, there were many people eager to rebuild Vienna. “The outcome we are seeing today, we are just benefitting from that ... those people have done a very good job indeed.”

The cultural heritage still remains, if anything even better preserved than in the past 50 years. “All these cultural jewels which are in town are real magnets. It is not only that, it is the music. For instance, you see so many students from the Far East studying here and I think that is a big honour for Austria.



Djemal Berrouka.

“If you walk through the city, you see it is mostly refurbished nowadays and looks splendid. There is a strong attitude towards tourism and fortunately tourists are attracted from all over the world. People are way more open-minded than in the past.

“Yes, it was international in the monarchy already, but nowadays if you look around, the individuals, the international companies that are located here ... people from all over the world are working here. I think a great international mix of people now lives in Vienna and are coming to Vienna for visits,” he affirms.

Additional bonuses include the outstanding public transport system and the fact that the city is extremely safe compared with other similar-sized capitals in the world, with lots of public parks for recreation.

“I feel really relaxed here and that is what my other international friends say too. We drink the water from the tap and we breathe the air without having fears our health will suffer,” says Hofstätter.

Attar also says that Austria has changed a lot during 50 years. After settling in the city in 1957, he saw a lot of improvement even by 1965. There were not so many from the generation that survived the war, living under “memories and reminisces”, he says. “There was a complete generation that had nothing to talk about but the war and their experiences there.”

His own father was a student who came to Vienna to study in 1928.

“Many streets were still in ruin, many traces of the war were here. But now it is one of the cleanest cities I know.”



Professor Herbert Hofstätter, Petroleum Expert at Montanuniversität Leoben.

Attar notes that the city already had an international feel about it by 1965 when OPEC arrived. “Vienna never lost its jolliness. It was also a city loved by the Arabs historically — I don’t know why.”

There is a very famous Arabic song called ‘Layali Al onns fi Vienna’ (Merry Nights in Vienna) from a 1945 film, which OFID Director-General Suleiman J Al-Herbish has traditionally brought someone to sing whenever he hosts a reception. “Every Arab knows it,” says Attar.

Aside from that, there is an endless amount of cultural attractions to choose from, he says. “I think Vienna has 22,000 seats available every night at the opera, orchestras, small theatres, etc.”

In terms of environmental protection standards, the country has come a long way in 50 years, observes Hofstätter. “Even the water quality of the Danube has substantially changed, it is way improved. People have done a good job in the past to improve living quality not only for us but for the next generations.”

Changes to the industry

The oil industry has changed in leaps and bounds as well, according to the professor. “It does not compare at all with the state-of-the-art and also from the environmental point of view to 50 years ago.”

Some parts of the world still produce oil without much regard for the environment, but Austria is way ahead in environmental standards, notes Hofstätter. Technological improvements have helped.

“The facilities here are state-of-the-art and ranked at the top of our oil industry. We now have control systems monitoring our entire operation 24 hours a day, 365 days a year with a fraction of the people we had 50 years ago.

“We use new and modern materials nowadays that were not even on the market 50 years ago. These along with modern technologies have allowed us to increase the ‘mean time between fehler’.

“If you increase this figure, the economic limit of an oil field is postponed, which in turn leads to a higher recovery factor. Oil can be produced for longer and more can be extracted from under the earth.

“So many people have forecast that the end of the story is close by, but now we have been producing oil (in Austria) for more than 70 years and still from the same fields we have used in the past. I don’t think there are many oil fields around, especially in brownfield activities, that operate at that high level of technology.”

Austria is also known for the production of high-quality steel. “The abnormally high strength and corrosion-resistant material for the space shuttle is steel from Austria,” says Hofstätter.

There is a patent at least 50 years old for manufacturing steel, called the Linz-Donauwitzer (LD) process, which allows high-quality steel to be produced in a cost-effective way. “It is state-of-the-art worldwide,” he adds.

Also from the environmental point of view there have been other great advancements in the country’s oil industry. “We are nowadays in a position whereby we can recycle 100 per cent of the materials that come out from the borehole and upgrade the waste to a resource. “At the end of the day there is nothing left or almost nothing left from the drilling process.” This also applies to oil contaminated finds, he says.

Austria was actually the world’s third-largest oil producer in the days of the monarchy, in around 1850, observes Hofstätter. “Maybe this is the reason that OPEC is now located in Vienna!”

Although the international oil industry has changed a great deal, he says: “We also have to admit that we still have room for improvement. Not only technical-wise, but also environmental-wise and this is definitely a big, big chance for us — for the future and for future generations that we can improve recovery factors by new technologies, better technologies, modern technologies, material sciences, IT as well.”

Hofstätter is also encouraged by the fact that some gas produced during the operations is now being reinjected, both to allow for a higher recovery factor and to store the gas for the future.

Enhanced oil recovery (EOR) was not really a subject 50 years ago, he adds. Improved oil recovery (IOR) methods, such as water flushing, only came up about 30 years ago, while EOR was initiated something like 35 years ago. At that time, the oil price was very high and steam injection projects, polymer flooding, even CO₂ flooding, was popular.

Hofstätter says that although world trade patterns have shifted over the past 50 years, he considered the developments in education to be top in terms of relevance today.

“It is the number one thing that we can contribute to national oil companies and international oil companies. In our education programme, we have a total of 72 nations represented from all over the world, with courses taught in English,” he states.



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The Vienna giant ferris wheel.

Thank you!

After 50 years of activities in Vienna, OPEC extends its warmest thanks to its host city, as well as to the country of Austria. And on behalf of its 12 Member Countries and the staff of the Secretariat, the Organization wishes to thank the City of Vienna and its officials for their hospitality — and looks forward to many more years in this beautiful city.

Staff members photographed during the 50-year celebration at the OPEC Secretariat.



OPEC's 50 years in Vienna: City “proud and happy”

*On the occasion of the 50th anniversary of OPEC in Vienna, the OPEC Bulletin asked the city's Mayor, **Michael Häupl**, for his impressions of the Organization, its international standing and its longstanding ties with Austria.*

by Maureen MacNeill



Michael Häupl, Mayor of the City of Vienna.

This year marks the 50th anniversary of OPEC in Vienna, a significant milestone for both the city and the Organization. What does it mean for Vienna to have OPEC in the city?

The City of Vienna is proud and happy to have hosted OPEC for 50 years now. As a leading city for international organizations and with the United Nations at the Vienna International Centre, we are well aware that international organizations add to the value of our city. Considering the important international OPEC conferences and regular high-level meetings of OPEC Ministers, Vienna benefits as an international city also considering the economic impact.

OPEC is one of a few international organizations that call the city home. What have the City of Vienna and Austria had to offer OPEC all these years?

It is the quality of life which has been attested to by international rankings for so many years, for example in the Mercer study, which, I believe, is a very important point. Easy access for travel, safety for families, international offers for education, a great variety of leisure and cultural activities, a moderate climate, excellent housing choices and shopping facilities are only some of the reasons why people are attracted to Vienna.

The office facilities for the 150 or so members of OPEC's staff, provided by the Austrian government and the City of Vienna, add up in this offer. We are confident that the new building adjacent to the Wiener Börse in the city centre of Vienna, which takes into consideration the high security demands of OPEC and its Ministers, offers a high-quality home for the OPEC Secretariat.

Our colleagues in the Vienna City Administration offer all kinds of assistance and service to OPEC staff, both for personal questions, as well as for official enquiries.

What occasions of involvement with OPEC over the years stand out for you personally and as Mayor?

I personally remember hosting the exhibition on "40 Years of OPEC in Vienna" in 2005 at Vienna City Hall and the beautiful celebration for OPEC Ministers and staff. On the occasion of the 50th anniversary of OPEC, the city was glad to participate in the exhibition in the Wiener Kursalon in 2010. Such events in public places with free access for the Viennese population are an important tool for sharing information on OPEC Member Countries and their rich culture, as well as about the tasks of the Organization.

The opening of the new OPEC office building in 2010 was also a very welcome opportunity to meet with OPEC Secretary General, Abdalla Salem El-Badri. I regularly host luncheons at Vienna City Hall to strengthen contact with the heads of international organizations based in Vienna.

How do you think your fellow Austrians view the fact that OPEC is headquartered in Vienna? Do you think there have been some concrete advantages to having OPEC here, perhaps in the country's oil and gas industry?

The Viennese population is proud to live in a city that hosts international organizations such as OPEC. As mentioned before, all offers to share information and give an overview about the Organization and the people working there are more than welcome.

How do you see OPEC's role at an international level? What about its role in ensuring the supply of oil to consumers?

The role of OPEC regarding the energy price has its unique importance and can therefore stimulate economic growth in a country and globally. On a local level, the attractiveness for businesses is another factor and goes hand in hand with quality of life.

Do you think the oil industry has improved in terms of efficiency and its CO₂ footprint, or do you think there is still a long way to go?

As Mayor of a city that opts for best practice in environment and aims to be a smart city, we should always try to do better in this respect. I believe there are production methods implementing effective controls on emissions that need to be introduced on a broader level. We should always opt for high standards when it comes to the environment and the health of our population.

Is there anything you would like to say about the anniversary itself and the longstanding relationship between these two bodies?

On this occasion, I would like to thank the OPEC Secretariat for having chosen Vienna as its host city and I would like to thank the OPEC staff for having lived and worked in Vienna for so many years.

Let me congratulate OPEC and its Member Countries and let me wish you a fruitful, prosperous and peaceful future for the Organization in our beautiful city of Vienna.



OFID Director-General praises OPEC milestone

OPEC, OFID share cultural heritage with Austria

*While OPEC celebrates 50 years of existence in Vienna, its sister organization, the OPEC Fund for International Development (OFID), has also forged strong ties with Austria. In fact, the institution will mark 40 years of activities in Vienna in 2016. Its Director-General, **Suleiman J Al-Herbish**, a former Governor of Saudi Arabia to OPEC, speaks to the OPEC Bulletin about the importance of both anniversaries.*

This year marks the 50th year of OPEC in Vienna. What do you think the two sides (both OPEC and the city) have gained during this period and how important is their relationship?

OPEC and Vienna enjoy a special relationship. For 50 years the city has been a host to OPEC and by extension the OPEC Fund as well. The city of Vienna has provided us with an inspiring backdrop under which we have been able to conduct our work, rich in culture and tradition. With Vienna as our host we have been able to share and exchange the cultural heritage of our Member Countries with Austrian culture and traditions. Within a reasonably short distance of each other, the OPEC and OFID families have participated in many cultural events within the city. One of the most notable and enjoyable has been our participation in the Vienna City Marathon (VCM), which OFID has co-sponsored for eight years now. Indeed the VCM has become one of most popular dates in our corporate calendar.

OFID's relationship with Austria goes beyond that of a host and guest. We are also longstanding development partners; we especially value our strong cooperation with the Austrian Development Agency.

As the sister institution of OPEC, OFID has given back to our host by supporting the work of Austrian non-governmental organizations (NGO's) in developing countries.

Over the last decade, this relationship has strengthened considerably. Among the most important Austrian NGOs we have partnered with are: Hilfswerk Austria, Care Austria, Doctors for Disabled, SOS Kinderdorf, and the Society for Austro-Arab Relations.

To demonstrate its solidarity with its host community, OFID has also supported many programmes within Austria. We have supported the development of children in our community; most recently OPEC, OFID, in addition to many other organizations, have supported the 'Turn the Page' challenge, aimed at providing international low-income and disadvantaged children access to literature in their native language, while they learn German and integrate into Austrian society. Moreover, in 2007, SOS Kinderdorf received the OFID Annual Award for Development.

OFID is one of the founding sponsors of Superar, the social initiative launched in 2009 by the Wiener Konzerthaus, Caritas and the Vienna Boys' Choir. It has been our pleasure to develop such a close relationship with the Wiener Konzerthaus, with OPEC and OFID in regular attendance.

Lastly, it has been our pleasure at OFID to call the beautiful Palais Deutschmeister on Vienna's Ringstrasse our home. We have regularly participated in the annual Tag des Denkmals, when we proudly open our doors to the visiting public in association with the Federal

Monuments Office. The life and times of this beautiful building are described in our published book 'Theophil Hansen's Palace for Archduke Wilhelm'. After 18 months of collaboration with various Austrian historians, art historians and other specialists, it was our pleasure to present this book to the city and people of Vienna as a token of our gratitude for their enduring hospitality and friendship.

Next year, for our 40th anniversary, we plan to dedicate a gift to the city of Vienna, which has hosted us since our inception. Our gift of a monument, in appreciation of the city, will be situated in 22nd district of the beautiful city we call home.

What does it bring to the city to have such high-profile organizations as OPEC and OFID based in Vienna?

Vienna certainly is uniquely situated in the heart of Europe and has a lot to offer international organizations such as OPEC and OFID. We strive to work with like-minded institutions to make Vienna a hub for the topic of energy, with a particular focus on energy poverty alleviation. Indeed, this cause has received a renewed push since its inclusion in the Sustainable Development Goals (SDGs), due to be signed in September this year. Platforms such as the Vienna Energy Club and the Vienna Energy Forum are significant in our work as an institution.

The Vienna Energy Club is one such example of how the city has brought several organizations together in an informal platform for discussion and exchange of views. While united in their efforts to put energy-related issues at the forefront of public discussion, and sharing a common host country, the members of the Vienna Energy Club differ widely in terms of their size, focus, and membership, as well as in their geographic scope and core missions. Thus, the Club's members bring a rich range of opinions and perspectives to key energy questions.

Through our proximity to the energy community in Vienna, we have created lasting partnerships with these organizations, most notably the Sustainable Energy for All (SE4ALL) initiative and UNIDO. OFID is one of the founding partners of SE4ALL and hosted its first technical meeting



Palais Deutschmeister, on Vienna's Ringstrasse, is home to OFID.

at OFID headquarters in Vienna in 2011. Moreover, OFID has been a regular participant at the Vienna Energy Forum, co-organized by UNIDO.

OFID will next year celebrate 40 years in the city. Would you like to say a few words about your own upcoming anniversary and what it means to the institution?

Indeed, we will be celebrating our 40th Anniversary — and 40 years in Vienna next year. Anniversaries are always a time for reflection and, looking back, it is remarkable just how far we have come since the days of the OPEC Special Fund. Much has changed for us and we have grown not least in size, scope and standing. OFID has become a senior player in the development arena, as a result of the transformational journey that we embarked upon under the guidance of the Ministerial Council and the active supervision of the Governing Board.

As a development financing institution established by OPEC Member Countries, OFID has been at the forefront of global efforts to fight energy poverty in the least developed countries. Energy poverty alleviation is an issue that OFID has pioneered since Member Countries made the call in Riyadh in 2007 at the Third Summit of OPEC Heads of State and Government. Since then, we at OFID have taken it as our own personal mission to make sure that access to reliable energy sources is a reality for all. Our efforts have been particularly guided by the late King Abdullah's Energy for the Poor Initiative. Our Member Countries solidified their commitment with a landmark declaration pledging to a revolving amount of \$1 billion to finance OFID's Energy for the Poor Initiative (EPI).

There is no doubt in my mind that the decision by OFID to adopt energy poverty alleviation as its flagship programme was both timely and astute. It has been through our advocacy efforts that energy poverty has been labelled "the missing 9th MDG".

Today, OFID is widely recognized as "the champion" of energy poverty alleviation and is serving as a key partner on the Advisory Board of the UN SE4ALL initiative. This September, as OPEC celebrates its 50 years in Vienna, we are proud to see that the importance of alleviating energy poverty has been carried over into the new era of the SDGs.

The OFID we see today is more than just a lending agency. It has transformed into a fully-fledged development institution. Our vision of sustainable development is focused not only on providing financial assistance, but building human capacity and knowledge.

In addition to our EPI, I give you, for example, the Arab Development Portal. The portal is being developed



OFID Director-General, Suleiman J Al-Herbish.

as a knowledge-sharing platform designed to generate opportunities for development in the Arab world.

As a member of the Coordination Group of Arab Development Funds, OFID has played a lead role in the creation of the portal. We are optimistic about its potential and pleased that this first important step has been taken.

OFID has evolved into a mature and influential player in the field of development. We are rapidly gaining a reputation for delivering added value among our beneficiary countries. Of course, this is something that could not have happened without the support of our Member Countries. It is something we are proud of. And it is something we carry forward into the future. This future, I might add, is not only secure and sustainable, but full of promise.

Al-Herbish concluded: We are proud to share our home in Vienna with OPEC as our sister Organization. Through hosting us both we are fortunate to benefit from the city which has transformed into a global hub for international energy matters.

As a former Governor of Saudi Arabia to OPEC, I have had the unique perspective and insights from being the only person still in active service that has participated in all three OPEC Summits. Indeed, OPEC has adapted itself remarkably with the city over its 50 years. I wish the Organization the best of luck as it embarks on its journey ahead.

Staff celebrating after the successful completion of the Vienna City Marathon, which is co-sponsored by OFID.



Call for papers



The OPEC Energy Review is a quarterly energy research journal published by the OPEC Secretariat in Vienna. Each issue consists of a selection of original well-researched papers on the global energy industry and related topics, such as sustainable development and the environment. The principal aim of the OPEC Energy Review is to provide an important forum that will contribute to the broadening of awareness of these issues through an intellectual exchange of ideas. Its scope is international.

The three main objectives of the publication are to:

1. Offer a top-quality original research platform for publishing energy issues in general and petroleum related matters in particular.
2. Contribute to the producer-consumer dialogue through informed robust analyses and objectively justified perspectives.
3. Promote the consideration of innovative or academic ideas which may enrich the methodologies and tools used by stakeholders.

Recognizing the diversity of topics related to energy in general and petroleum in particular which might be of interest to its readership, articles covering relevant economics, policies and laws, supply and demand, modelling, technology and environmental matters will be considered.

The OPEC Energy Review welcomes submissions from academics and other energy experts. Prospective authors wishing to submit papers should send them to: Executive Editor, OPEC Energy Review, OPEC Secretariat, Helfferstorferstrasse 17, 1010 Vienna, Austria; tel: +43 1 21112-0; e-mail: prid@opec.org.

All correspondence about subscriptions should be sent to John Wiley & Sons, which publishes and distributes the quarterly journal on behalf of OPEC (*see inside back cover*).



OPEC Energy Review

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With over 2m b/d of excess crude supply in market ...

Al Attiyah calls on non-OPEC producers to sit down with OPEC



Qatar's former Energy and Industry Minister, Abdullah Bin Hamad Al Attiyah.

Qatar's former Energy and Industry Minister, Abdullah Bin Hamad Al Attiyah, has urged non-OPEC oil producers to sit down with OPEC to try to solve the oil market's current problems.

Al Attiyah, who, as Minister, spent 18 years working with OPEC at often difficult meetings, has said that in today's current market environment, the Organization was "powerless" on its own to prevent oil prices falling further.

“OPEC cannot solve this problem alone like before. Now it is a different story. Russia, Norway and Mexico all must sit down with OPEC to discuss making (production) cuts.”

— Al Attiyah

This, he told the *Daily Telegraph*, was because of a two million barrels per/day surplus of crude oil supply in the market.

Arrest price decline

He stressed in the exclusive interview that OPEC should seek a deal with major non-OPEC producers to arrest the oil price decline.

“OPEC cannot solve this problem alone like before. Now it is a different story. Russia, Norway and Mexico all must sit down with OPEC to discuss making (production) cuts,” he maintained.

Al Attiyah referred to the current oil market situation, where prices have lost well over half of their value from the same time last year, as “a disaster”.

He stressed: “OPEC should meet with non-OPEC countries to resolve this, but America will never cut production.”

The former Minister was referring to the production of unconventional crude oil in North America, which over the past couple of years has added some 5m b/d of crude to global supply.

“I don’t see any light at the end of the tunnel,” Al Attiyah was quoted as saying. “OPEC and non-OPEC need to agree to support the market.”

He pointed out that the crude oil price decline since September last year had “exceeded our worst expectations.”

During previous periods of declining oil prices, OPEC often acted to put a floor under prices by restricting output. But in doing so, it lost valuable production share to producers outside the Organization.

At its 167th Meeting of the Conference in June this year, the Organization decided to maintain its current production ceiling of 30 million b/d for the remainder of 2015. OPEC is scheduled to meet again in December.

Emergency talks doubtful

Because of the oil price slump and continuing excess supply in the market, there have been calls for an emergency

OPEC meeting, even a summit of OPEC Heads of State and Government.

However, Al Attiyah said he doubted the Organization of 12 producers would agree to emergency talks unless producers outside OPEC agreed to also rein in production.

He reiterated that the oil market was currently suffering from an oversupply in the region of 2m b/d, most of which was coming from production outside the Organization.

“The market is very oversupplied, but the problem is that everyone now is increasing production,” he observed.

“Without other cooperation, I do not see another emergency meeting of OPEC,” he affirmed.

Concerning calls for OPEC’s largest producer, Saudi Arabia, to reduce its production, Al Attiyah replied that it was not Saudi Arabia’s responsibility alone to support the oil market.

Formidable contribution to oil

The charismatic Al Attiyah is recognized globally for his years of experience in the oil and gas sector and especially for having made a formidable contribution to the international energy industry over the course of many decades.

It is a career that has touched many people, companies and nations, producers and consumers, and most notably the development of his home State of Qatar’s energy industry.

Now a senior adviser to the Emir of Qatar, he was a leading figure in OPEC affairs. He was President of the OPEC Conference on no fewer than four occasions.

In fact, he has the honour of being the third-longest serving Oil and Energy Minister in OPEC’s 55 years of existence.

His 18-year term now falls a little short of Ali I Naimi, Saudi Arabia’s Minister of Petroleum and Mineral Resources, who this year has two decades of service under his belt.

Naimi’s countryman, Ahmed Zaki Yamani, remains the longest-serving OPEC Minister with 24 years, achieved between April 1962 and October 1986. 



Algeria looking to boost natural gas output by 13 per cent by 2019

Algeria, which in recent years has been struggling to maintain its levels of petroleum output, has announced that it is aiming to hike its production of natural gas by 13 per cent by 2019.

According to an article featured in Algeria's in-house magazine, *Algeria Energy*, the country is looking to arrest a decline in domestic oil and gas production that has impacted earnings from petroleum.

Meet domestic demand

"Natural gas production will increase by over 13 per cent by 2019 to meet domestic demand and increase exports," the article commented.

It pointed out that investment was in line to increase by an estimated \$40 billion.

The OPEC Member Country, a major gas supplier to Europe, relies on energy revenues for around 60 per cent of its national budget.

According to OPEC's *Annual Statistical Bulletin (ASB)*, Algeria's proven natural gas reserves in 2014 stood at around 4.5 trillion cubic metres.

Its gross natural gas production last year amounted to 186.72 billion cu m, compared with 179.49bn cu m in 2013, an increase of four per cent.

Its marketed production of natural gas last year, after taking into account flaring, reinjection and shrinkage, rose by 4.6 per cent — from 79.65bn cu m to 83.29bn cu m.

Algeria's natural gas exports in 2014 were 5.4 per cent lower than in the previous year, falling from 46.71bn cu m to 44.19bn cu m.

Meanwhile, according to the *ASB*, Algeria's proven crude oil reserves in 2014 stood at 12.2bn barrels. Its oil production in 2014 stood at 1.19 million barrels/day, down by 0.8 per cent from the 1.2m b/d recorded in 2013.



Algeria's Prime Minister, Abdelmalek Sellal.

The country's Prime Minister, Abdelmalek Sellal, recently announced that the government intended reducing spending by some nine per cent in 2016, as a result of the decline in oil prices, which had reduced earnings.

However, despite the challenging times, the national energy company, Sonatrach, is proceeding with its \$90bn five-year investment plan, aimed at boosting both oil and gas production.



Indonesia set to reactivate OPEC Membership



Indonesia has submitted an official request to OPEC to reactivate its full membership in the Organization after a lapse of seven years.

The request has been circulated to all 12 existing OPEC Member Countries for their consideration and approval.

A press release issued on the OPEC website said that following positive feedback to the request, Indonesia's Minister of Energy and Mineral Resources, Sudirman Said, would now be invited to attend the next Ordinary Meeting of the OPEC Conference on December 4.

This, said the statement, would include the formalities of reactivating Indonesia's membership of the Organization.

In June this year, the Indonesian Minister was invited to attend the 6th OPEC International Seminar in Vienna, where he met other OPEC Oil and Energy Ministers.

The OPEC Secretariat in the Austrian capital also recently received a high-level delegation from Indonesian Parliament, headed by the Chairman of its Energy Committee.

Indonesia became a Member of the Organization in 1962, before suspending its Membership with effect from January 1, 2009.

The OPEC statement stressed that the country had contributed much to OPEC's history. "We welcome its return to the Organization," it concluded.

"We have received official confirmation from the Secretary General of OPEC that the entire Members welcome the reactivation of Indonesia as a Full Member," Said was quoted as saying recently.

Earlier this year, the Minister indicated that he intended asking for Indonesian President, Joko Widodo's, approval for the country to rejoin OPEC.

Indonesia, the only south-east Asian Member of the Organization, left OPEC after 47 years, blaming rising domestic demand and falling production, which effectively turned the country into a net oil importer.

"I will ask the President to consider rejoining as a Member of OPEC, so we are close to the market," Said was quoted as telling reporters at the time. "We have been offered to rejoin."

The Minister was quoted by *Reuters* as saying that the country was still exporting gas, so it was not a problem to be an OPEC Member again.

Indonesia still exports some crude oil, although its imports of refined products make it a net importer. It is also a large exporter of liquefied natural gas.

Industry sources have said that Indonesia hopes its renewed

membership will strengthen its ability to secure oil supplies and attract investment to its domestic energy industry.

Indonesia is still Southeast Asia's largest oil producer, but the nation of 250 million people has imported petroleum for years because of aging wells and exploration limitations.

However, figures show that the nation's oil consumption is right now continuing to rise. For 2015, it has a target to produce an average of 825,000 barrels/day of crude oil, which would make it the fourth-smallest producer in a new 13-Member OPEC behind Libya, Ecuador and Qatar.

Figures show that, in 2014, Indonesia's crude oil production averaged 794,000 b/d, just below its target of 818,000 b/d. Output is currently at around 800,000 b/d.

Indonesia's crude oil output peaked at 1.6 million b/d in 1995, but has declined over the years as a result of natural decline at aging fields.

Meanwhile, I Gusti Nyoman Wiratmadja Pudja, Director-General of Oil and Gas at the Indonesian Energy and Mineral Resources Ministry, was quoted saying that Indonesia was planning to cut its crude oil exports by around 200,385 b/d, starting in 2016.

"The new policy will cut the national energy company, Pertamina's, dollar needs that are usually used to buy crude," he was quoted as saying, adding that the firm would utilize the crude not exported at its own refineries.

The national energy company forecasts domestic crude oil demand expanding by two per cent a year.



Indonesia's Minister of Energy and Mineral Resources, Sudirman Said.





Iran discusses cooperation ahead of post-sanctions era

As a result of the agreement reached between Iran and the P5+1 countries in July on revoking economic sanctions against the nation, numerous international corporations, particularly European concerns, have expressed their strong interest in establishing close cooperation with the OPEC Member Country, particularly in energy.

Iran's Petroleum Minister, Eng Bijan Namdar Zangeneh, has announced that Iran has developed a new long-term cooperation model with adjusted interest rates for interested international oil companies investing in the Iranian energy sector, representing "sweeter deals", according to a report carried by *Platts*.

The Minister added: "The new model oil contract, the IPC (Integrated Petroleum Contract), will be introduced in December in London. New contracts will be signed with foreign companies in the framework of the IPC that I think will have more attraction."

The former contract model, known as a buyback, was considered insufficient by some international investors, as they were only remunerated by a project's returns.

Iran aims to present the new contracts and packages of the IPC, with a value of billions of dollars, at the heavily anticipated roadshow in London. The event is expected to take place on December 14–16 after several postponements caused by the extension of the nuclear negotiations.

Several high-level delegations from Austria, France, Germany, Italy, Spain and the United Kingdom have visited Iran since the conclusion of the nuclear agreement in July and discussed potential cooperation with the public and private sectors.

Iran's Deputy Petroleum Minister, Amir Hossein Zamaninia, said: "Three of the delegations, namely German, French and Italian, have been very serious in their talks with Iran and want to come back to the country as quickly as possible after the sanctions are annulled."

He added: "It was agreed that Italian companies would meet and discuss with their Iranian counterparts with regard to building turbines, among other cooperation areas, so that they sign contracts immediately after the removal of the sanctions."

Furthermore, he assured that the unsettled fiscal problems would be solved by using the International Money Transfer System (SWIFT).

Royal Dutch Shell, OMV, Eni and Total, former investors in the Iranian energy sector prior to the enforcement of the sanctions, have

also been discussing the possibilities of returning to Iran once the sanctions are removed.

The Head of International Affairs at the National Iranian Oil Company (NIOC), Mohsen Ghamsari, told the local news agency *Shana*: "It depends on what the conditions are after the sanctions are removed, but it is possible to re-establish the pre-sanctions quantity."

In addition to the prevailing interest from the Europeans, Japan has expressed its desire to cooperate closely with Iran, particularly in energy.

A high-level delegation headed by Daishiro Yamagiwa, Japan's Deputy Minister of Economy, Trade and Industry, has already visited Tehran. The delegation consisted of experts from the housing and engineering sectors, as well as upstream firms and refiners.

The revocation of the sanctions is expected to be effective as of the start of next year.



Iran's Petroleum Minister, Eng Bijan Namdar Zangeneh.



Kuwait in talks with Indonesia over new joint refinery



Kuwait is looking to expand its oil extraction capacity by 2020 to meet the projected growing demand for crude oil, particularly in the Asian market, according to a report carried by *Reuters*.

Despite the prevailing low crude oil prices, the Gulf OPEC Member Country is intent on developing its petroleum industry further, in a bid to maintain its market share and enhance its economic growth.

In one of its latest projects, the Kuwait Petroleum Corporation (KPC) has announced it is in talks with Indonesia's national energy company, Pertamina, to construct a refinery, with a capacity slated to be around 200,000 barrels/day, in the Southeast Asian country, which is set to rejoin OPEC's ranks at the end of this year.

KPC's International Marketing Head, Nabil Bourisly, stated that the construction of the refinery would require a minimum of five years to complete. To be economically viable, it would need to have a production capacity of at least 200,000 b/d.

He stressed that KPC was keen to be part of partnerships lasting some ten years or more, adding that the

Indonesian project should provide a steady outlet for KPC's crude oil for the next 20–25 years.

KPC is currently developing refineries in Vietnam and they are expected to be operational in 2017.

The project with Indonesia represents a strong cooperation among OPEC Member Countries as Pertamina will be in charge of completing the development.

Indonesia, which has requested rejoining OPEC after suspending its membership to the Organization for seven years, is expected to again become a full Member at OPEC's next Conference in December 2015.

Indonesia became a Member of OPEC in 1962, before suspending its Membership with effect from January 1, 2009.

In a recent statement carried on its website, OPEC stressed that Indonesia had contributed much to the Organization's history. "We welcome its return to the Organization," it stated.

Meanwhile, Kuwait is proceeding with its plans to increase its petroleum production capability. The current production capacity of KPC is 2.95 million b/d, which is expected to reach 4m b/d by 2020. 





Nigeria regains full capacity in oil refining

Since the last presidential election of Nigeria, several reforms and development projects have been carried out by the current Nigerian leader, Muhammadu Buhari, particularly in supporting the country's petroleum operations.



Emmanuel Kachikwu, Managing Director of the NNPC.

As part of his plan for developing the economy, Buhari undertook to relaunch the country's oil refineries after conducting complete maintenance programmes and plant enhancement to restore their full production capacity after years of neglect and mismanagement, according to a report carried by *Platts*.

Presently, the Nigerian oil sector possesses four refineries with a total daily production capacity of 445,000 barrels.

Platts pointed out that the recent restart of the 110,000 b/d Kaduna refinery had completed the comeback of all four of the country's state-owned refineries that were shut down for almost one year for maintenance.

The Kaduna plant was the last to resume operations after the three others — two refineries in Port Harcourt with a combined capacity of 210,000 b/d and the 125,000 b/d Warri plant — came back onstream in late July.

Local data showed that the four refineries operated at only an average of 14.4 per cent of their combined name-plate capacity in 2014, down from 22 per cent in 2013.

Refinery efficiency

The newly appointed Managing Director of the Nigerian National Petroleum Corporation (NNPC), Emmanuel Kachikwu, has emphasized on the importance of sustaining the efficiency of the refineries to fulfil the fuel requirements of Nigeria.

He added: "The days when (the NNPC) was perceived as a civil service organization instead of a corporation are over," arguing that the prevailing low oil prices had been detrimental for the Nigerian economy. Furthermore, he indicated that the new reforms should result in the OPEC Member Country having a 'new' NNPC.

The former status of the refineries forced Nigeria to import approximately 80 per cent of its fuel requirements, a costly strategy that was carried out by former leaders.

However, President Buhari indicated his desire to substantially diminish the nation's reliance on fuel imports in by requesting a comprehensive revision of import and swap agreements, in addition to enhancing the corporation's transparency and profitability.

Furthermore, he expressed the necessity to eradicate mismanagement and corruption in the NNPC, through appointing adequate personnel and conducting regular auditing.



Amin Nasser appointed new CEO of Saudi Aramco



Amin Nasser has been named by Saudi Aramco's Supreme Council as the company's new President and Chief Executive Officer.

His predecessor, Khalid Al-Falih, was appointed Saudi Aramco's Chairman and the Kingdom's Health Minister earlier this year. Following his move, Nasser became Acting President and CEO of the state oil firm. He is also a member of Saudi Aramco's Board of Directors.

A Saudi Aramco statement said the appointment of Nasser was made at the first meeting in Jeddah of the Supreme Council, which was created in April this year.

According to the company's website, Nasser served as Senior Vice President of Upstream at Saudi Aramco, a position he has held since 2008 with responsibilities including exploration, petroleum engineering, oil and gas production, and processing activities.

He joined Saudi Aramco in 1982 after graduating from King Fahd University of Petroleum and Minerals (KFUPM) in Dhahran with a bachelor's degree in petroleum engineering.

From November 1982 to February 1991, he held various technical and operational assignments with the Production Engineering, Drilling and Reservoir Management departments. From March 1991 to May 1997, Nasser held various supervisory positions in the Engineering and Producing departments.

In June 1997, Nasser was named Manager of the Ras Tanura Producing Department and later Manager of the Northern Area Producing Engineering Department, Safaniya Offshore Producing Department, and the Safaniya Onshore Producing Department, respectively.

He was appointed Chief Petroleum Engineer in April 2004 and in May the following year was named Executive Director of Petroleum Engineering and Development.

The website pointed out that Nasser's distinguished leadership had led to his appointment as Vice President of Petroleum Engineering and Development in April 2006 and then as Acting Business-Line Head of Exploration and Producing in August 2007. In 2008, he became Senior Vice President.

Nasser has held various developmental assignments, including the Saudi Aramco Management Development

Seminar in Washington, DC, in 1999; the Saudi Aramco Global Business Programme in 2000; and the Senior Executive Programme at Columbia University in 2002.

He is actively involved in professional and societal activities focused on the advancement of education, people and technology development. As a longtime



Amin Nasser, Saudi Aramco's President and Chief Executive Officer.

member of the Society of Petroleum Engineers (SPE), he has served on SPE's Industry Advisory Council since 2008 and he is the 2015 recipient of the SPE's Charles F Rand Memorial Gold Medal. He is also a member of the Dhahran Techno-Valley Company Board of Directors.

At its inaugural meeting the Supreme Council endorsed a five-year business plan (2015–19) for the company, as well as an associated capital programme.

The meeting included a presentation on Saudi Aramco and its role in supporting the Kingdom's sustainable development which included a review of the company's Strategic Transformation Programme to be an integrated energy and chemicals firm and the role of the programme in contributing to the Kingdom's sustainable development.

The ten-member Council was formed after King Salman disbanded the Supreme Petroleum Council earlier this year.





UAE aiming to expand trade with India by 60 per cent

The United Arab Emirates (UAE) and India, one of the world's fastest-growing economies and a large petroleum importer, are looking to expand their total trade by a considerable 60 per cent over the next five years.

The target was contained in a joint statement issued at the end of a two-day visit by Indian Prime Minister, Narendra Modi, to the Gulf OPEC Member Country. Modi was the first Indian premier to visit the UAE since 1981.

According to the statement, the UAE was looking to invest around \$75 billion in India and establish an infrastructure investment fund to support India's development of its railways, ports, roads, airports and industrial corridors.

Quote by *Energy Intelligence*, the statement noted that the two countries had also agreed to promote strategic energy sector partnerships. The UAE would participate in helping to fill India's strategic petroleum reserves, and assist its upstream and downstream petroleum operations, as well as collaborate in other countries.

Strategic oil reserves

The report noted that India was filling its first strategic reserve of 9.75 million barrels at Visakhapatnam in the southern state of Andhra Pradesh and planned to commission two more sites later this year, taking the total capacity to 38.85m b. In a second stage, it aimed to add another 91.63m b to storage.

India was the UAE's largest trading partner in 2014. The country supplied an average of around 320,000 b/d of crude oil in the financial year ended March 31, representing some 8.5 per cent of India's imports.

During his visit, Modi delivered a speech at Dubai Cricket Stadium to over 50,000 Indian expatriates. He also toured Abu Dhabi's Sheikh Zayed Grand Mosque and discussed with high-ranking officials, including Abu Dhabi's Crown Prince, Sheikh Mohammed bin Zayed Al Nahyan, and Dubai Ruler, Sheikh Mohammed bin Rashid Al Maktoum, how to improve the already strong trade links.



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The Indian Prime Minister referred to the UAE as having a "mini India" — the Gulf state is home to about 2.6 million Indian expatriates who comprise a third of the total population. Annual Indian remittances from the UAE are estimated at \$14bn.

He stated that India was the UAE's second-largest trading partner, while the UAE was India's third-largest trading partner after the United States and China. Trade between the two countries reached \$60bn last year. 🌐

US shale oil output set to see sixth consecutive monthly decline

Shale oil production in the United States is forecast to fall again in October, making it the sixth month in a row that output will have declined.

Figures from the US Energy Information Administration (EIA) show that total production in October is slated to amount to 5.21 million barrels/day, a drop of some 80,000 b/d from the 5.29m b/d expected to be recorded for September.

Shale oil output in the US has increased strongly in recent years, backed by higher crude oil prices. But with the price of crude more than halving since the summer of 2014, shale oil operations have begun to suffer as their high-cost operations become less viable.

The OPEC Secretariat in Vienna has also pointed to the shale oil decline. Its *Monthly Oil Market Report (MOMR)* for September stated that non-OPEC oil supply in 2015 was now expected to grow by a lesser 880,000 b/d, following a downward revision of around 72,000 b/d, due to lower-than-expected output in the US.

And in 2016, it said, non-OPEC oil supply was now expected to increase by 160,000 b/d, a downward revision of 110,000 b/d from the previous report.

“In North America, there are signs that US production has started to respond to reduced investment and activity. Indeed, all eyes are on how quickly US production falls,” commented the report.

And looking towards next year, the *MOMR* said the main component of US crude oil output — tight oil — would decline from 450,000 b/d estimated growth in 2015 to only 50,000 b/d in 2016 under the current price circumstances.

The EIA noted that the drop in US shale oil production in October was more or less the same as in September, compared with August figures.

Looking at a breakdown of the shale oil operations, the EIA noted that production from the Eagle Ford concession was forecast to drop for a seventh consecutive month in October — to 1.42m b/d, a decline of 62,000 b/d.

Meanwhile, at the Bakken play in North Dakota, the report disclosed that output in October was expected at 1.18m b/d, a decline of 21,000 b/d from September.

However, the data showed that production from the



Permian Basin was forecast to increase by 23,000 b/d to 2.02m b/d.

The EIA figures also pointed to a decline in natural gas production from the main shale concessions. Total output was expected to drop to 44.8 billion cubic feet per day in October, a loss of 208m cu ft/d from September.

The lower production figures have had a knock-on effect regarding the performances of the companies involved.

According to a *Reuters* report, North America’s leading independent oil and gas producers had reported large losses in the second quarter, despite cutting costs and increasing output.

It revealed that ten of the largest independent oil and gas producers in the US reported total losses of almost \$15bn between April and June, compared with profits of almost \$3.5bn a year earlier.

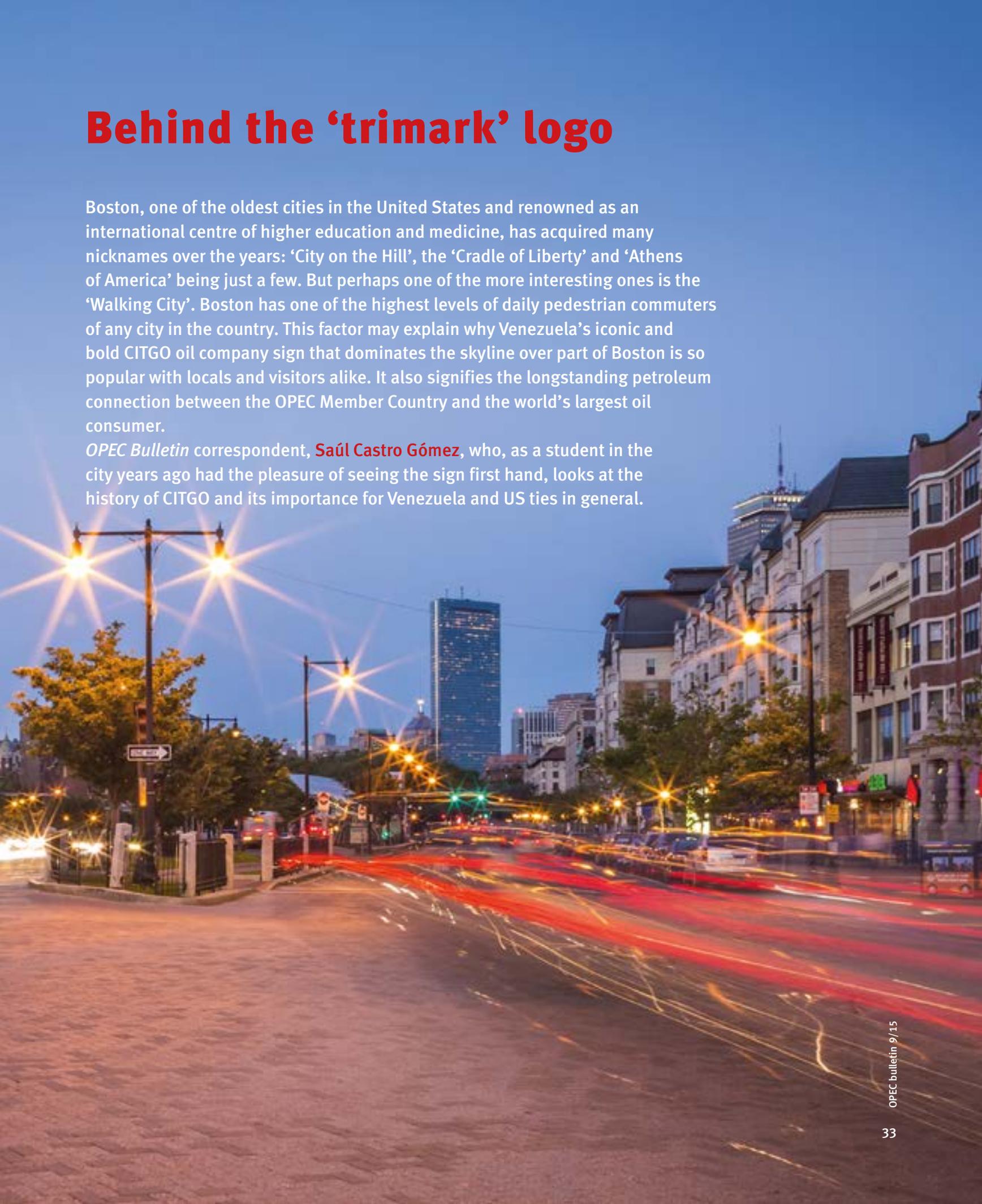
It noted that three more independent firms had remained in profit, but reported net income of only \$66m, down from more than \$1bn in the second quarter last year.



Behind the ‘trimark’ logo

Boston, one of the oldest cities in the United States and renowned as an international centre of higher education and medicine, has acquired many nicknames over the years: ‘City on the Hill’, the ‘Cradle of Liberty’ and ‘Athens of America’ being just a few. But perhaps one of the more interesting ones is the ‘Walking City’. Boston has one of the highest levels of daily pedestrian commuters of any city in the country. This factor may explain why Venezuela’s iconic and bold CITGO oil company sign that dominates the skyline over part of Boston is so popular with locals and visitors alike. It also signifies the longstanding petroleum connection between the OPEC Member Country and the world’s largest oil consumer.

OPEC Bulletin correspondent, **Saúl Castro Gómez**, who, as a student in the city years ago had the pleasure of seeing the sign first hand, looks at the history of CITGO and its importance for Venezuela and US ties in general.





It is not the Eiffel Tower in Paris, the Burj Khalifa in Dubai, or the Coliseum of Rome, yet CITGO's iconic 'trimark' sign at Kenmore Square in Boston is regarded by many as being one of those unforgettable markers famous cities the world over are renowned for. Just how an illuminated 'beacon' that merely represents a company's existence, and which actually has no major artistic work attached to it, could become so prominent and important remains a mystery. But when one considers there was once an initiative to declare the sign a historical landmark, then its importance to the city and all those that live there becomes perfectly clear. Some argue that local students use it as a good orienteering reference — if one is able to see the CITGO sign, then the University of Boston is nearby. Others simply want to appreciate a colourful sign that is situated in a city that, for its climatic characteristics, appears somewhat dull. Not so, of course, its rich cultural diversity and history.

Boston is without doubt an academic point of encounter in the United States, not to mention the many important historical events that have occurred there that have greatly assisted in the formation of the modern US as we know it.

It was in Boston at the end of the 18th century, given its potential as a vibrant centre of commerce with territories held under Spanish influence, that meetings became recurrent between Venezuelans and local political leaders of the

epoch. It was for this reason, among others, that the intellectual incursions of Venezuelans on constitutional matters in the emerging US, were not necessarily unexpected, although most likely unknown for many.

But an emancipated South America meant a great number of potential new customers, at least in the eyes of an influential community of Bostonian businessmen and merchants. With certainty, the people most keen to benefit from the assets of the continent were its own inhabitants, both those in the north and the south — ultimately all Americans.

Nevertheless, beyond any anecdotic recount, the happenstance for instance between Venezuelan visionary and hero of the French Revolution, Francisco de Miranda, and other important legislators of the day, including the United States Founding Father, Thomas Jefferson, can be seen as a sort of presage of what would be over the years a significant tie of the US and Venezuela — that of commerce in the name of oil.

And by a twist of fate, it was precisely in Boston that one of its most iconic images would evolve with a sampling of Venezuelan essence. It was in September 1986 that the Southland Oil Company sold a 50 per cent interest in the CITGO Petroleum Corporation to the national oil company of Venezuela, *Petróleos de Venezuela, SA (PDVSA)*. Since then, and progressively, CITGO became a wholly owned subsidiary of PDVSA.

Today, locals and international visitors to Boston are very aware of the CITGO sign. But it may be that the motivations for this awareness are more personal than anything attached to a corporate meaning. Regardless of the reason, the fact is that behind the CITGO sign many devoted individuals continue to safeguard a good supply of crude oil for the country, while also contributing to the general progress of the company in different and creative ways. In its vision for CITGO, Venezuela has added its own share of participation.

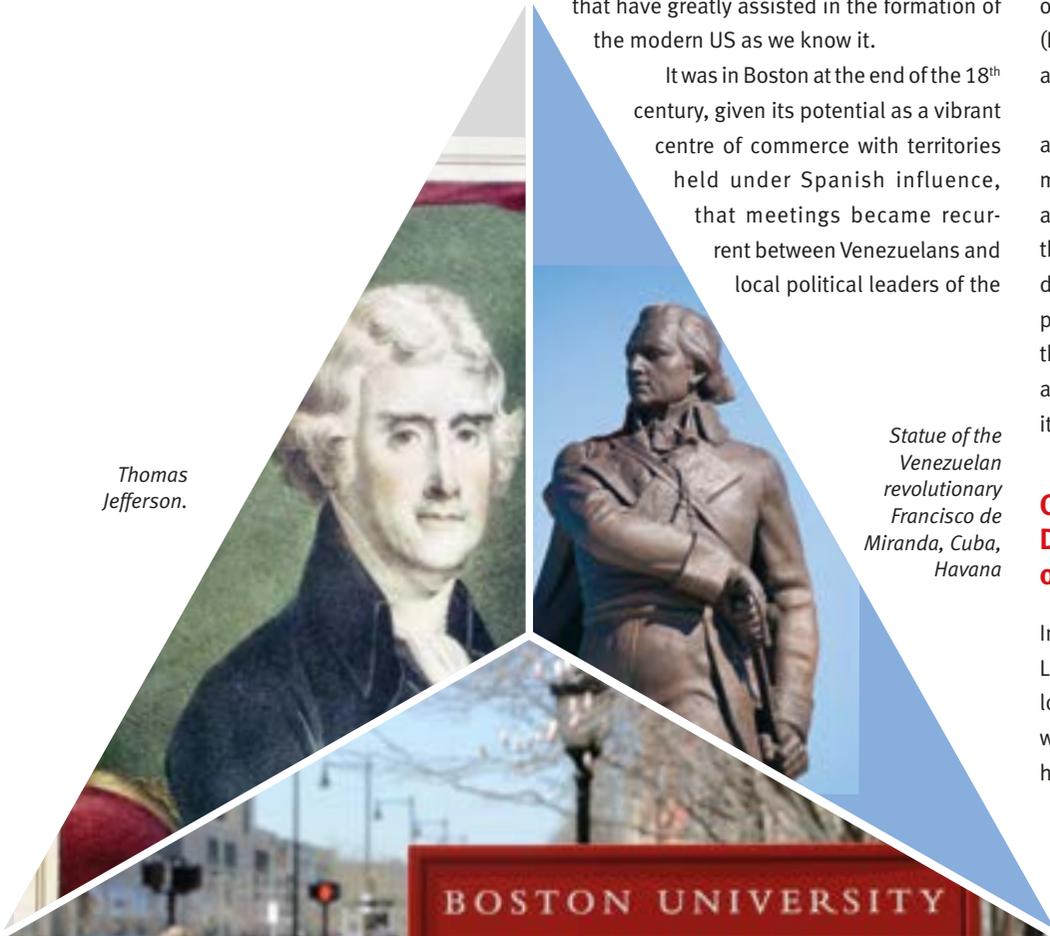
Company roots and some memoirs of El Dorado, the augury of a solid industrial operation

In 1939, tabloids commented on the death of Henry Latham Doherty. Messages of condolence portrayed the loss of a true visionary in the field of oil exploitation. But who was this man and what type of correlated facts would he be signaling in the fusion between CITGO and PDVSA?

Born in Columbus, Ohio, in May 1870, Doherty began work with the gas distribution company, Columbus. It

Thomas Jefferson.

Statue of the Venezuelan revolutionary Francisco de Miranda, Cuba, Havana



was there he started to acquire his engineering knowledge which took him into refining, an area Venezuelans would become renowned for internationally. He proceeded to take part in a variety of ventures, scoring some successes, but it was not until 1912, the same year in which the Titanic sank, that a company led by Doherty and completely associated with ‘energy’, entered into the business on a significant scale. The company’s name was Cities Service and was registered in 1910.

At the outset, Cities Service, in conjunction with different subsidiaries, focused solely on the exploration and supply of gas. However, in 1915 an event would change its scope of operation for the better. While working for the subsidiary firm, Empire, a geologist going by the name of Charles N Gould pinpointed significant amounts of oil in a Kansas town known as ‘El Dorado’.

The discovery marked the first time an oil field was identified using proper geologic mapping, a development that had a positive effect on the course of the fledgling company. Rather soon, a new Cities Service subsidiary was structured with the mission of annexing the operations of El Dorado. Empire then became Empire Gas & Fuel.

Curiously, the expression ‘El Dorado’, which is usually associated with mining or the search for ‘something valuable’, has its origins in Venezuela, with characteristics related to the extraction of natural resources and oil exploitation. It all started with a story that eventually befitted the Legend of El Dorado (the city with abundant gold).

Already in the 15th century, in what is now known as Colombia, rumours of a city plentiful in gold were spread beyond Nueva Granada (the name that Spaniards used when referring to the American Viceroyalty). When Carlos I of Spain granted the Venezuelan colonial entitlements to a prominent family of merchants in Augsburg — the Welser — the rumor of El Dorado was taken seriously.

In point of fact, there are many things that have been said about the Spanish, Portuguese and British periods of colonization, but not so many aspects are known about German colonization, which was exceptionally linked to Venezuela and whose characteristics, especially for those interested in the historical evolution of oil commercialization, may pose some interest as they resembled modern oil-exploitation concessions.

With his mission to find the city with abundant gold, the Bavarian conquistador, Ambrosius Ehinger, initiated

a colonizing expedition, eventually becoming the first German governor in the incipient province of Venezuela that was retitled ‘officially’ as Klein-Venedig. During this period, mining activity was acquiring a new stage worldwide, an occupation that had basically been concentrated on the extraction of iron, copper, and silver.

However, with the new abundant findings of gemstones and particularly gold — minerals linked to the pursuit of the mythical city — there was the emergence of new theoretical developments associated with the exploitation of natural

Reviews



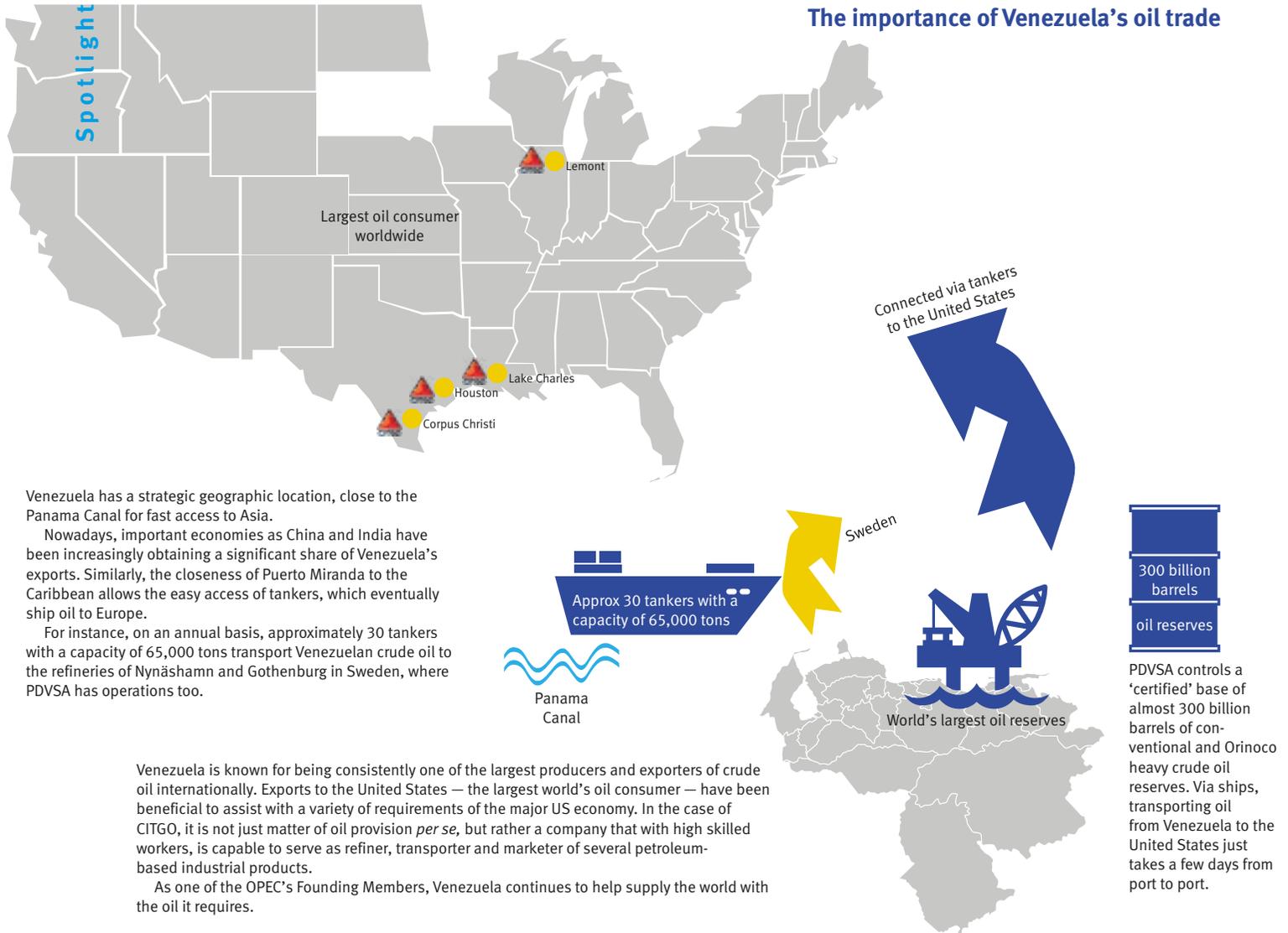
resources. It coincided with a major text being written about mining. Entitled *De Re Metallica*, it was authored by Georg Bauer in 1556.

Regarding fossil fuels, the Germans saw the potential of exploiting the asphalt leaking from natural oil springs to caulk naval ships in the lake of Neu-Nürnberg (today Maracaibo Lake), in which personalities such as Georg von Speyer, Nikolaus Federmann and even Philipp von Hutten were central in overseeing operations.

From the German experience in Venezuela, for some people certain facts remain clear, although for others they could prove somehow surprising. In this

Today, Venezuela, through CITGO, remains one of the most important oil suppliers to the United States.

The importance of Venezuela's oil trade



respect, for example, the city of Maracaibo, currently a major strategic port on the American continent, and a well-known international location for oil exploitation, was actually founded by Ehinger (also in September) 1529, and not for a Spanish conquistador, as probably most people would assume. This settlement was introduced for the first time to the western world as 'Neu-Nürnberg'.

How the Spaniards were able to regain control over the Province of Venezuela is another historical chapter. What is easy to elucidate is that for the contemporary Venezuelan, the city of El Dorado never existed as such

and is rather considered an outcome of local popular culture, created with the purpose of diverting the attention of the colonizers.

Allegorical events like OPEC's formation in 1960, or the nationalization of the Venezuelan oil industry in 1976, are the real incidences exemplifying the prosperity of El Dorado. In the context of Cities Service, the oil field discovered in 1915 in El Dorado is a successful turning point and one that eventually helped in the formation of the specific characteristics of the modern CITGO. In any case, in the two countries, El Dorado is a shared name of progress, which cannot go unnoticed.

The corporation today and actions for a long-term impact

With more than 15,000 billion gallons of refined products sold, CITGO, with its headquarters in Houston, today stands as one of the largest refiners in the US. One envisages Venezuelan crude oil being extracted from the country's massive Orinoco Oil Belt and finding its way to the US, where it eventually helps support the world's largest economy.

This setting consists of a cumulative crude oil refining

capacity of 749,000 barrels/day. The CITGO operation is backed by the Lemont Refinery in Illinois, in the north of the country, and the refineries of Corpus Christi in Texas and Lake Charles in Louisiana, the latter with a refining capacity of 425,000 b/d and situated close to the Calcasieu Ship Channel, an area linked to the Louisiana port system, which is a strategic gateway of the mid-section of the US to the world.

Under this scenario, different affiliates and subsidiaries of CITGO, as well as third parties, share infrastructure to enable the proper commercialization and delivery of CITGO products to take place. In this sense, within the framework of the systematization of the oil industry, the firm has managed to maintain an assertive level of technical cooperation. As such, the company, which since its inception foresaw in its corporate mission the concept of 'service', has currently a variety of activities embodied in more than 5,000 retail outlets across the North American nation.

Sourced from Venezuelan crude, at any day of the year customers have access to gasoline, aviation turbine fuel, diesel fuel and hundreds of types of lubricants — all in a country where 'car culture' is a permanent ever-growing process, both quantitatively and qualitatively. But there is more — CITGO's petroleum-based products are also implicated in other industrial uses, including but not limited to petrochemicals and agriculture.

An interesting example is the lubricant Clarion® used for food-processing grade operations and environmental

care. Through the improvement of chemical formulations, in which white mineral oils are central, it is possible to create such oils that are characterized by high performance and suitable conditions for reducing risks associated with inadvertent environmental emissions and human consumption of contaminated products.

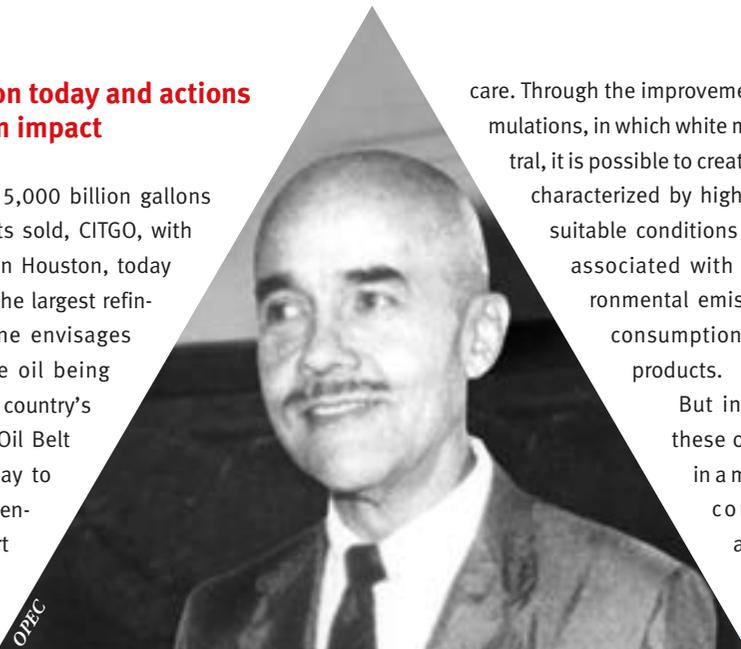
But in order to provide these options and others in a market that is highly competitive, and at the same time become immersed in a complex socio-economic dynamic, it is necessary to understand

the business beyond the classic laws of supply and demand. In this respect, an aspect of core value in any given company is the education of the workforce. This has been a tradition since the times of Henry Doherty and after the integration with PDVSA.

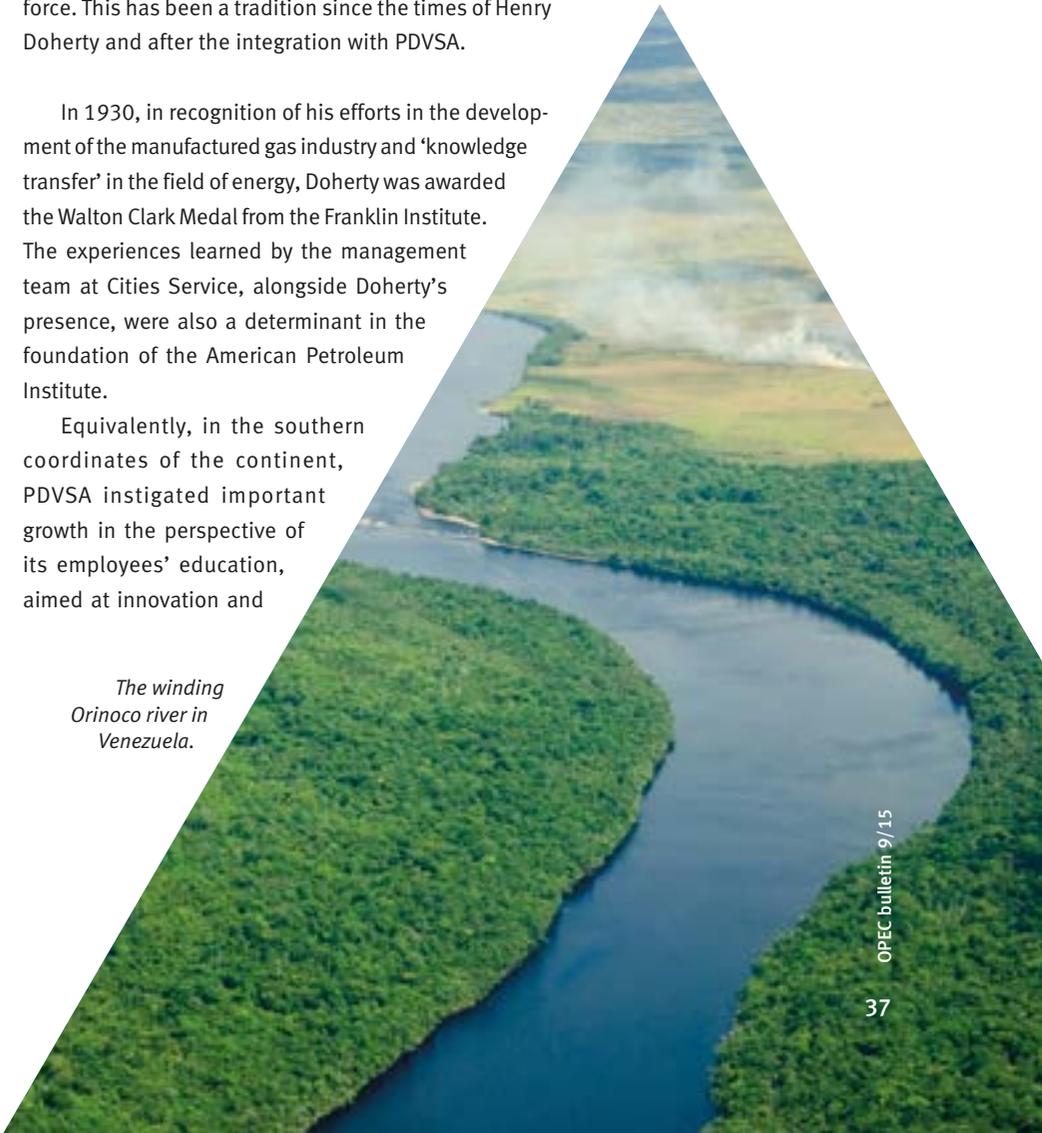
In 1930, in recognition of his efforts in the development of the manufactured gas industry and 'knowledge transfer' in the field of energy, Doherty was awarded the Walton Clark Medal from the Franklin Institute. The experiences learned by the management team at Cities Service, alongside Doherty's presence, were also a determinant in the foundation of the American Petroleum Institute.

Equivalently, in the southern coordinates of the continent, PDVSA instigated important growth in the perspective of its employees' education, aimed at innovation and

The winding Orinoco river in Venezuela.



Dr Juan Pablo Pérez Alfonzo, Venezuela's Minister of Mines and Hydrocarbons, at OPEC's 1st Conference, in September 1960, in Baghdad, Iraq.



training that brought, as a result, the creation of Intevep, a subsidiary with an approach on academic and technological research. When the fusion of CITGO and PDVSA took place, some common denominators occurred that contributed to its corporate affinity during the transitional period.

Today, apart from its developmental philosophy of work and physical assets, CITGO operates with the vision of being a benchmark corporation in the energy industry. In order to be consistent with this mission, it has five well-defined aspects of engagement: safety; environmental protection; workforce; governance; and social responsibility programmes.

With some differentiations in names and methods of applicability many companies more or less follow a similar scheme. However, what is particularly remarkable about CITGO is its initiatives in terms of social responsibility in what ultimately appear to be an echo of the five areas interconnected optimally, with inspiring outcomes.

Generally speaking, throughout CITGO's development it has established close contacts with the regions it serves. But one catastrophic natural event increased this collaboration to a noteworthy level.

When the cooperation matters

One day like no other hit the United States in 2005, when very peculiar African easterly waves in the Atlantic created a complicated weather system, better known as Hurricane Katrina. According to experts, the ruptures at both navigational and drainage canal levees in New Orleans caused by Katrina triggered what may be acknowledged as the worst engineering disaster in the history of the country.

Obviously, a chaotic situation of this dimension produced a cut-back in oil supply, coupled with the inevitable abrupt increases in fuel costs. To make matters worse, precisely at the moment of the tragedy, federal resources for energy assistance in the country's low-income homes were not at their fullest disposal. The extent of the difficulty of the population affected was clear, including the question of heating their homes, which in such situations always drastically affects the poorest and most vulnerable communities.

CITGO showed up with a solution that seemed 'caritas' at first sight, but ended up being a solution with a long-term impact. This was the 'CITGO-Venezuela Heating Oil Programme'.

Through a coordinated plan, first to attend the many emergencies, but gradually becoming the helping hand of low-income families, the programme, still in existence today reaches more than 20 states in the US, with the distribution of over 230 million gallons of heating oil.

In demographic terms, this is equal to helping an average of 145,000 single-family households annually. In addition, 'tribal communities' and 'homeless shelters' have been given special attention with an average 250 communities served in both population segments every year. Today, public opinion sees the action of CITGO in those fateful days in 2005 as being one that made all the difference.

In the same tone of social development values, and not only to cooperate with low-income households but also to contribute to the conservation of the environment, another initiative with a Venezuelan stamp is the 'Energy Efficient Lighting Programme (CVEELP)'. The idea is to provide families with compact bulbs of fluorescent light (CFL) to reduce energy consumption and promote savings in energy costs among single-family households.



Since 2008, 175,000 families have saved approximately **\$75m** in energy costs



Reduced energy consumption by **700m** kilowatt hours

Since 'CITGO-Venezuela EELP' started in 2008, 175,000 families in 20 cities have saved approximately \$75m in energy costs, reducing energy consumption by more than 700m kilowatt hours, with direct incidence in the reduction of carbon dioxide emissions.

Together with the provision of the necessary equipment, the company also ensures that the families involved are provided with basic information on what conservation and energy efficiency means, as well as the correct ways to dispose of the CFL bulbs after their life-cycle ends.

These initiatives by CITGO fully reflect how Venezuela, a nation in the so-called grouping of less-developed countries, or LDCs, has kept fueling progress and honored its vision of corporate responsibility in the US, as part of awareness on global cooperation, despite its own economic challenges.

This is an interesting approach in the sense that it presents tangible compliance with selected aspects that scholars refer to as the "positive theoretical aspects of globalization".

Succinctly and simply put, it represents the ability to deliver concrete benefits for communities after dealing with various actors in a transnational setting: states, national organizations, firms, modes of transportation, and international organizations, even if such interaction, as may be possible to infer, would imply difficult technicalities and bureaucratic procedures.

At the same time, such initiatives to coordinate support for a nation in cases of emergency and, more importantly, the effective use of resources for such a purpose, are actions that are considered well-framed within the characteristics and/or responsibilities entitled to the human species, when exercising a fragment of 'global citizenship'.

Although the notion of global citizenship continues to be based on certain assumptions — it does lack a proper or recognized framework among nations — international schools, for instance, have been able to explore the issue to some extent, in their academic curricula.

The conceptualization of social programmes in any given company is that of participation as this allows employees to volunteer hours to be used in different organizations in the communities they work for.

It has been reported in the media that CITGO's



Breaking the Boston skyline ... the CITGO trimark logo. Through time and different cultures, the triangles have embodied a variety of meanings.

investment in social programmes is four times that of many larger competing global brands. There is little doubt that the level of this commitment is a true indication of how the operations of this company with the support of the Venezuelan state are far beyond the basic commercialization of a particular commodity.

Doing what it does best

While it is true the price of oil has fallen further than market fundamentals should have dictated, market equilibrium can return at any time.

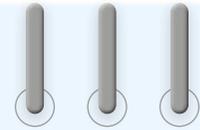
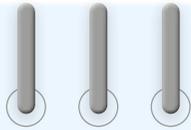
In the meantime, the message of OPEC's General Secretary, Abdalla Salem El-Badri, is very clear — keep up the investment in exploration and production because the consuming nations will continue to rely on OPEC oil for many years to come.

CITGO, for one, will continue to do what it does best — supply the US market with valuable oil products and support the local communities through its corporate responsibility programmes. 

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

This section is dedicated to capturing those visits in pictures.



July 28



Jingye Cheng (l), Ambassador and Permanent Representative of China to the United Nations and other International Organizations in Vienna, visited Abdalla Salem El-Badri, OPEC Secretary General.

September 9



Dr Andreas Otto (l), Chief Commercial Officer of Austrian Airlines, visited Abdalla Salem El-Badri, OPEC Secretary General.

September 11



Mario Mehren (l), CEO and Chairman of the Board of Executive Directors, Wintershall Holding GmbH, visited Abdalla Salem El-Badri, OPEC Secretary General.

September 21



Dr Ronald Sturm (l), Ambassador of Austria in Libya, visited Abdalla Salem El-Badri, OPEC Secretary General.

September 23



Ms Farhana Haque Rahman (l), Director General of the Inter Press Service (IPS), and Ambassador Dr Walther Lichem (r), President of IPS, visited Abdalla Salem El-Badri, OPEC Secretary General.

September 24



Dr Fatih Birol (l), Executive Director of the International Energy Agency (IEA), visited Abdalla Salem El-Badri, OPEC Secretary General.

Visit our website

www.opec.org



Students and professional groups wanting to know more about OPEC visit the Secretariat regularly, in order to receive briefings from the Public Relations and Information Department (PRID). PRID also visits schools under the Secretariat's outreach programme to give them presentations on the Organization and the oil industry. Here we feature some snapshots of such visits.

Visits to the Secretariat



July 23

Students from the Europäische Akademie Bayern, Munich, Germany.



July 30

Students from the MGIMO University, Moscow State Institute of International Relations, Russia.



August 11

Students from the 2015 Munich-Vienna Middle East Summer School.



August 18 Students from the AZTech Training & Consultancy, Dubai, UAE.



August 25 Students from the AZTech Training & Consultancy, Dubai, UAE.



August 26 Employees from the OMV Aktiengesellschaft, Vienna, Austria.



August 31 Students from the Webster University Vienna, Austria.



Vacancy announcement

Environmental Coordinator

Within the Research Division of the Secretariat, the Environmental Unit's objectives are to analyse, report and advise on developments pertaining to the international debate on climate change and contribute to the close coordination of Member Countries' positions on environmental matters. This entails: monitoring and analysing international debate and development on climate change, sustainable development and trade; gathering and analysing data and information in these fields; contributing to coordination among Member Countries and participating in relevant multilateral fora and discussions; and building up OPEC's networks with national, regional and multilateral organizations.

Objective of position:

The Environmental Coordinator is to coordinate the activities of the Unit to fulfill its objectives. Under the supervision of the Director, Research Division, he/she is to study and analyse national and multilateral environmental policies and assess their impact on energy developments, in particular on the medium- to long-term oil outlook and on OPEC, study and analyse developments in the global and multilateral debate on climate change, evaluate the impact on OPEC and contribute to the coordination of OPEC Member Countries' positions in international fora on issues pertaining to environment in general and to the United Nations Framework Convention on Climate Change (UNFCCC) negotiations in particular.

Main responsibilities:

- Coordinates the activities of the Unit in line with its objectives;
- studies and analyses developments in the international debate on environmental issues related to the energy industry and in particular the activities related to the UNFCCC and its subsidiary bodies and the Kyoto Protocol;
- responsible for preparing for and attending UNFCCC meetings and reporting on these;
- assesses the impact of changes in environmental policies in consuming countries on the medium- and long-term development of the world petroleum industry;
- conducts studies relevant to the subject of environment as it affects the energy sector in general and oil in particular;
- contributes to the coordination of Member Countries' positions concerning environmental issues;

- contributes to speeches, articles and presentations to internal meetings and various international forums.

Required competencies and qualifications:

Education:

- University degree in Environmental Science or Economics, Engineering or other Sciences, preferably with specialization in environment
- Advanced degree preferred

Work experience:

- University degree: ten years
- Advanced university degree: eight years

Training specializations:

- Environmental policies
- Analysis of environmental issues related to energy
- International debate on environment
- Modelling techniques

Competencies:

- Managerial and leadership skills
- Communication skills
- Decision making skills
- Analytical skills
- Presentation skills
- Interpersonal skills
- Customer service orientation
- Team-building skills
- Initiative
- Integrity

Language: English

Status and Benefits:

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

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

Applications:

Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years.

Applicants are requested to fill in a résumé and an application form which can be received from their [Country's Governor for OPEC](#).

In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **November 25, 2015**, quoting the job code: [6.1.01](#) (see www.opec.org — *Employment*).

Algerian coastal city of Oran selected to host 2021 Mediterranean Games

By Scott Laury



The announcement came on August 27, 2015, during the General Assembly meeting of the International Committee for the Mediterranean Games (ICMG) — Oran, Algeria was chosen as ‘Host City’ of the 2021 Mediterranean Games.

Oran, Algeria’s second-largest city, was the overwhelming choice, receiving 51 votes compared to second-place contender Sfax, Tunisia, which received 17 votes.

This marks the second time Algeria has been bestowed the honour of hosting this prestigious event, which has been bringing together Mediterranean countries from Africa, Asia and Europe for nearly 65 years to compete in a wide range of summer Olympic sport disciplines.



Amar Addadi, ICMG's President, announces the selection of Oran as host city.

In 1975, the capital city of Algiers was elected as host city. In that seventh edition of the Games, Algiers succeeded in breaking records in terms of the number of participating nations (15), the number of competitors (2,444) and the amount of sporting events (160).

The Mediterranean Olympic Games

The event, held under the aegis of the International Olympic Committee, is often termed the Mediterranean Olympic Games



with each participating country being represented by its National Olympic Committee, who selects the athletes that will participate and organizes the country's delegation.

The news of Oran's selection as host city could not have been sweeter than for ICMG's President, who is an Algerian national.

Amar Addadi has headed the organization since 2003, overseeing the 15th, 16th and 17th editions of the Games, which were held in Almeria, Spain; Pescara, Italy; and Mersin, Turkey, respectively. The 18th edition will be held in 2017, when Tarragona, Spain will host the Games.

Both the Algerian President and the Governor of Oran chimed in with positive messages of congratulation and support upon hearing of the city's election.

"I'm happy to hear the news of selecting the capital of the west to host this Mediterranean competition," Algeria's President, Abdelaziz

Bouteflika, commented in a letter of congratulation to Oran's officials and citizens. "It is an honour for both Oran and Algeria."

In a telephone interview with state run television, Oran's Governor, Abdelghani Zaalane, expressed his excitement and commitment to hosting the event, saying "The city of Oran will be there; it is more than a challenge, it is a commitment for all of us, citizens and authorities, to be ready for hosting our guests in 2021."

A rich history in Mediterranean sport

The idea to start a Mediterranean Games was first conceived during a meeting held at the 1948 Olympic Games in London.

Mohamed Taher Pacha, President of Egypt's National Olympic Committee and Vice President of the International Olympic Committee (IOC), along with Greek IOC member, Ioannis Ketseas, introduced the proposal to the members of the IOC, not only presenting it as a means to provide the world with another exciting sporting event, but also as a way to leverage the event for the

promotion of peace, stability and unification in an otherwise tense and somber post-war period.

The next year, an unofficial event was held in Istanbul, Turkey, and two years later, the first official Mediterranean Games were inaugurated in October 1951 in Alexandria, Egypt, in honour of Mohamed Taher Pacha, whose dream of creating the event had become a reality. The Alexandria Games saw 734 athletes from ten countries participate in 13 sports.



ICMG established in 1961

At the third edition of the Mediterranean Games, which were held in

Beirut in 1959, chief organizer and Lebanese National Olympic Committee President, Gabriel Gemayel, expressed his opinion that the creation of a permanent organizing committee was necessary, in order to ensure



that future editions of the Games would continue to be organized.

Two years later, in 1961, ICMG was established as an international, non-governmental, non-profit organization with Gemayel being elected as its first President.

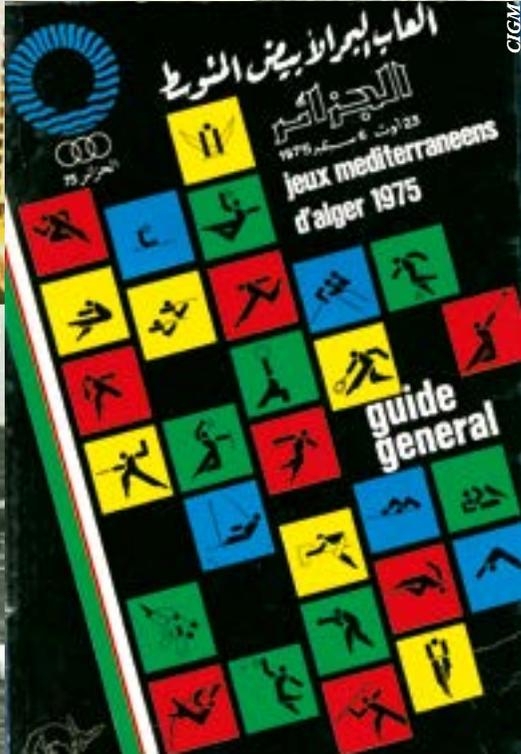
The organization is composed of the National Olympic Committees and IOC members of the participating nations.

Strong Greek roots

The ICMG Secretariat is located in Athens, Greece, where, up until 2005, it was located in the offices of the Greek National Olympic Committee. But since then, it has moved to another location made available by the Greek government.

The Secretary General post has been occupied by Greek nationals from the beginning until the present. Co-founder, Ioannis Ketseas, was the inaugural appointee in 1961, and Isidoros Kouvelos currently holds the post.

A look back at the seventh edition of the Mediterranean Games, which were held in Algiers in 1975. As host city, the Algerian capital succeeded in breaking records in terms of the number of participating nations (15), the number of competitors (2,444) and the amount of sporting events (160).





Participating countries

Africa: Algeria, Egypt, Libya, Morocco and Tunisia

Asia: Lebanon and Syria

Europe: Albania, Andorra, Bosnia and Herzegovina, Croatia, Cyprus, France, Greece, Italy, Macedonia, Malta, Monaco, Montenegro, San Marino, Serbia, Slovenia, Spain and Turkey

24 participating countries from three continents

Currently, there are 24 countries that participate in the Games with athletes hailing from Africa, Asia and Europe. In 1951, the Games debuted with ten countries participating. Since then, the number of countries has steadily increased.

In correlation with this, the number of athletes has increased more than three-fold from 1951 when there were 714 competitors as compared to the 2013 Games in Mersin (Turkey) where there was a total of just over 3,000 participating athletes.

Female participation has also increased substantially over time to reach just over 1,000 athletes at the last Games, representing about one-third of the total number of competitors.

Frequency of the Games

Traditionally, the Mediterranean Games have been scheduled in tandem with the Summer Olympic Games.

The first 11 editions took place one year before the Summer Olympic Games. Then, starting in 1993, the Games were scheduled to take place one year after the Summer Games.

This decision was made in response to a call by the majority of the National Olympic Committees to change the schedule in this way as a means to allow their athletes to better prepare themselves for the Games.

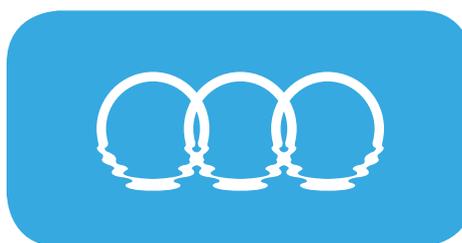
Uniting three continents in sport

The emblem of the Mediterranean Games was developed in 1979 for the Split Games, and was thereafter adopted as the permanent emblem of the Games.

It is a sea blue colour with three white rings, symbolically representing Africa, Asia and Europe, the

three continents surrounding the Mediterranean Sea. Visually, the bottom portions of the rings appear to blur into wavy pattern as if being immersed into the deep blue Mediterranean water.

In line with Olympic Games protocol, the flag showing the Games emblem plays a prominent role in the



opening and closing ceremonies. At the closing ceremony, the city hosting the Games hands the flag over to the next host city, symbolically showing the transfer of the Games, which will take place there four years later.

A wide-ranging sport programme

The Mediterranean Games have organized 33 sports over the course of its history, with the majority of them being in the Summer Olympic tradition.

At the last Games in Mersin, Turkey in 2013, competitions were held in 27 sports with a record 264 events ranging from the traditional disciplines of athletics, gymnastics and diving to newer additions such as beach volleyball (added in 2005), waterskiing (added in 2009) as well as badminton and taekwondo, which both made their debut in 2013.

2013 launch of the Mediterranean Beach Games

In 2013, ICMG held its General Assembly in Pescara, Italy, where it organized its latest venture – the first-ever Mediterranean Beach Games.

This new, smaller-scale event took place from August 28 to September 6 and brought together more than 900 athletes from 24 countries that competed in 11 sport disciplines. The event will be held every four years and consist only of water and beach sports.

In a statement made at the pre-Games press conference, President Addadi said: “We are proud to once again be in Pescara. After the great success with the 2009 Mediterranean Games, we want to write another important page of sport. Of course, it was not easy to organize everything in such a short time, but we did it and for that, I thank all my Italian friends.”

Sport and solidarity

As is common with the International Olympic Committee, the ICMG views its events not only

as a platform for presenting the highest level of elite sporting competition, but often as an opportunity to also promote solidarity, peace and goodwill in the world.

This is exemplified in a statement ICMG recently released from President Addadi on the occasion of Olympic Day 2015. In it, he begins by promoting the importance of sport and the Olympic ideals, after which he takes the opportunity to address the difficult plight of the many migrants currently making their way across the Mediterranean.

“With 30 days to go for the Olympic Day 2015, the ICMG is joining the Olympic movement in celebrating this important day in the annual calendar of the Olympic family. A day to promote and reinforce sports values inspired by Olympic ideals such as excellence, fair play and respect. A day dedicated to sports and the promotion of sports events,” he comments, then continues: “However, this moment of conviviality and communion through sport can also make us think of the contribution of sport to social issues that affect humanity: poverty, environmental protection, deadly conflicts and, even closer to us, the dramatic situation in the Mediterranean Sea.”

He also eloquently points out the powerful role sport can play in promoting solidarity and providing a glimmer of hope in a sea of suffering.

“It is distressing to see our *‘Mare Nostrum’*, the sea that unites the peoples of the Mediterranean basin, this cradle of civilization, this ‘lake of peace’ be turned into a receptacle of untold suffering and human tragedy where numerous poor souls in search of a better life or fleeing war and other conflicts end up losing their lives. Athletes should join these poor souls in an attempt to promote more than ever the notions of understanding and brotherhood in order to offer to those wandering around some dignity and hope.”





Oran: a city of many faces

Oran

ALGIERS

Algeria

Oran, Algeria's second-largest city, is located in the north-western part of the country on the coast of the Mediterranean Sea. It is 432 kilometres west of the capital city of Algiers. The city's population is around 800,000, while the greater metropolitan area brings it up to nearly 1.5 million inhabitants. The city, with its major port, is an industrial and commercial centre and is also an educational hub in western Algeria.

Wahran and the 'Lions of Atlas'

The name Oran in Arabic is *Wahran*, which is derived from the Berber word *uharu*, meaning lion. The animal has mythical significance to the city with a legend stating that long ago lions were still in the area, and the last two lions were hunted on a nearby mountain.

These regal creatures became the

symbol of the city and are honoured prominently as they sit on both sides of Oran's city hall. They are referred to as the 'Lions of Atlas'.

A long, rich history

Oran has a rich and diverse history, having seen not only the arrival of the Romans, but also several Islamic dynasties, followed by the Spanish, the Ottomans and the French.

The Romans established a small settlement where Oran is located today and named it *Unica Colonia*. This colony disappeared when the Arabs took control over the Maghreb region.

Oran was originally founded in 903 by Moorish Andalusian traders. It became an important base for trade in North Africa and developed into a commercial centre, due to its links to Europe via the Mediterranean. The Castilians of Spain took over in 1509 and held it until 1709, at which point the Ottomans conquered the city.

In 1831, the French wrestled control of Oran from the Ottomans, which marked the beginning of the country's long-lasting involvement in Algeria. Algeria eventually became a French colony and Oran a provincial department. The French developed Oran into a modern port city and converted Mers el-Kabir into a major naval base.



Left: Ornate lion statues sit majestically in front of Oran's city hall building.

Above: A historical panorama of Oran with the dramatic backdrop of the Atlas mountains.



The Santa Cruz Citadel (I) and adjacent chapel are located on a hill overlooking the city.

World War II and independence

During World War II, in June of 1940, a large part of the French fleet took refuge at Mers el-Kebir. On July 3, the British navy attacked the French vessels to keep them from being taken over by the German forces. Oran then became one of the main targets in the Allied landings in North Africa, and the city was captured by US forces in November 1942.

After a somewhat tumultuous post-war period, Algeria achieved its independence in 1962.

Modern-day Oran

Even though time has passed, history still lives on every corner in Oran, which is made evident as you see remnants of the many cultures and customs that made their mark on the city at various times throughout history.

Today, the city has a waterfront district, as well as old and new sections of town that were formerly divided by a ravine, which has since been filled in.

The historic Spanish-Arab-Turkish district, called La Blanca, is west of the ravine, while the newer district, named La Ville Nouvelle, built by the French after 1831, is on the eastern bank. Some prominent sites include the Turkish citadel of Santa Cruz, which was modified over the years by the Spanish and the French and sits dramatically on a hilltop overlooking the sea.

The Spanish quarter is filled with narrow streets and alleys and hosts the famous Cathedral of Saint Louis, the

Porte de Canastel and a historic fountain built in 1789 on the Place Emerat. The Great Mosque is located in the Turkish part of town and was built in 1796.

Chateau Neuf is a fortress dating back to the Spanish period and is located to the east of town. Historically, it was the home to the beys (chiefs) of Oran and later became a French military base.

Other important sites include the Casbah, which is spread out around the old Spanish castle; the Sidi el-Haowri mosque, named after a 15th century scholar and monk; the former barracks of the Janissaries, the Ottoman elite infantry units; as well as the harem of the beys.

An educational and cultural hub

Oran is considered an educational centre in Algeria, with two major universities — the University of Oran, founded in 1965, and the University of Science and Technology of Oran, established ten years later in 1975.

Oran also features several museums, the most prominent of which are the Municipal Museum, which focuses on Roman and Punic exhibitions, and the Museum of Tlemcen, featuring Islamic art.

The city has also been the setting for several works of literature, including Albert Camus' 1947 novel *La Peste (the Plague)* and Paul Bowles' 1949 novel *The Sheltering Sky*.



An Algerian stamp from circa 1972 showing the Port of Oran.



A look back at the 151st OPEC Conference held in Oran

OPEC held its 151st (Extraordinary) Meeting of the Conference in Oran, Algeria, on December 17, 2008. The meeting was chaired by Conference President, Dr Chakib Khelil, Minister of Energy and Mines of Algeria and Head of its Delegation.

In addition to the OPEC Member Country delegations and OPEC management and staff, the Conference was attended by several special guests who were invited to attend as observers, namely the Minister of Industry and Energy of the Republic of Azerbaijan, the Minister of Oil and Gas of the Sultanate of Oman, the Deputy Prime Minister of the Russian Federation, and the Minister of Petroleum and Mineral Resources of the Syrian Arab Republic.

The OPEC Heads of Delegation convened in Oran at a time of overall economic turmoil and instability in the oil market. Oversupply and insufficient demand were

exerting downward pressure on oil prices, which had fallen by more than \$90 a barrel since early July of that year.

The President of Algeria, Abdelaziz Bouteflika, officially welcomed the OPEC delegations to the beautiful coastal city of Oran and opened the Meeting of the Conference with a welcoming address.

In his remarks, the President alluded to Algeria's historic role in OPEC. Having joined the Organization in 1969, the North African country played host to the first-ever OPEC Summit of Heads of State and Government, which took place in the Algerian capital of Algiers in 1975, two years after the oil crisis of 1973.

The Summit was a turning point for OPEC as its leaders committed themselves to the principle of sovereign control over their natural resources, which would change the structure of the oil market from that time onwards.

Algeria's President, Abdelaziz Bouteflika, opened the 151st Meeting of the OPEC Conference, which was held in Oran in 2008.





Group photograph taken during the 15th OPEC Conference in Oran with the President of Algeria, Abdelaziz Bouteflika (centre left), Heads of Delegation and other high-ranking delegates.

President Bouteflika then fast-forwarded to the challenging oil market situation that was occurring at that time, mentioning the importance of addressing the situation proactively.

“Today, and notwithstanding the efforts of OPEC, oil markets still witness fluctuations as a result of irresponsible economic policies, which led to the collapse of the financial sector and to the crisis the international economy experienced at the end of 2008,” he commented.

“While it is legitimate for producing countries to defend their interests and maintain their share of development, they cannot assume a spectators’ position, while their revenues diminish rapidly. We are required to make decisions which are economically sound and, at the same time, fair.”

In his opening address, Conference President, Dr Chakib Khelil, expressed his confidence that OPEC would once again rise to the occasion at this critical juncture.

“OPEC has a long-established record in meeting the challenges it faces, however tough they may be. The challenge facing the oil market today is clearly a formidable one,” he said. “Notwithstanding this, we shall rise to this challenge — as in the past — and achieve our

objective of stabilizing the oil market through collective discipline and adherence to our decisions. In doing so, we shall reinforce OPEC’s credibility in the market, as an Organization that is prepared to act at all times, in the interests of sustainable order and stability.”

After these opening statements, the Conference met behind closed doors and reached a decision to take action by cutting production by 4.2 million barrels/day starting in 2009. The Heads of Delegation were adamant about the importance of restoring stability to the market in order to secure future investment in the industry, which would, in turn, ensure adequate medium and long-term supply to markets worldwide.

Having done its part to address the difficult market situation through this decision, the Conference, as it has done repeatedly in the past, urged non-OPEC producers and exporters to also contribute to achieving balance in the markets.

“OPEC cannot be expected to bear alone the burden of restoring equilibrium to the market,” Conference President Khelil commented. “We, therefore, call upon non-OPEC producers to contribute to our efforts to restore market stability and eliminate harmful and unnecessary price fluctuations.”





OFID sets up landmark agreement with Argentina



With the provision of a \$50 million loan for a water supply project in the Santa Fé province, OFID's relations with Argentina have taken on a new dimension – the commencement of cooperation in the public sector. OFID Senior Information Officer, **Arya Gunawan Usis**, reports on the development.

OPEC Fund for International Development (OFID)

The new OFID funding for Argentina will help finance the second phase of the Reconquista Water Supply Project in the northern region of Santa Fé province, where less than half the population has access to a clean water source.

Phase I of the scheme currently involves the construction of a water treatment plant and parts of a distribution network. Phase II will extend this network along three additional branches in the General Obligado and Vera departments.

This second phase, which is being co-financed by the government of Argentina, also includes the implementation of a water management system, such as automatic meter reading, leak detection and equipment surveillance, set up in order to react in real time to events in the field.

When completed in 2019, the new infrastructure will serve 175,000 people and bring a host of social and economic benefits, including better health status and higher income-generating potential from improved environmental conditions.

The loan agreement was signed by OFID Director-General, Suleiman J Al-Herbish, and Dr Antonio Bonifatti, Governor of the Province of Santa Fé. At the signing ceremony, Al-Herbish pointed out that water access represented a core component of OFID's strategic plan, which focused on the interrelated challenges of water, food and energy supply. "In line with this framework and in recognition of your government's commitment to ensure access to drinking water by the entire population of the province by 2020, we have decided to support this project," he stated.

Speaking to OFID's *Quarterly* publication, Bonifatti warmly welcomed OFID's assistance. He stated: "We are pleased to see that just nine months after the presentation of the project, we managed to sign this agreement which allows us to continue providing for the basic rights of the people of Santa Fé."

Access to clean drinking water remains an obstacle for Argentina. Despite abundant resources, the sector is hampered by high levels of contamination from agricultural chemicals, sewage and industrial effluents, coupled with underdeveloped water treatment facilities and distribution networks.

In Santa Fé, the provincial water authority services only 15 out of the province's 362 towns, equal to 1.5m people or about 45 per cent of the total population. Of the remaining inhabitants, 1.3m people get their water from poor quality sources, while nearly half a million residents have no access at all.

Several communities own small water treatment plants, but are only able to provide two litres of drinking water per person per day, delivered in plastic bottles.

Because of the implications for public health and economic development, both the central government and the provincial government of Santa Fé have made the provision of clean water a priority.

The provincial government has made a strategic commitment to ensure access to drinking water for the entire population by 2020. This plan is to be realized through the construction of 12 water supply plants, with an estimated total cost of \$1.5 billion.

According to Miguel Linares, officer in charge of the Reconquista project at OFID, Argentina's status as a high middle-income country had previously excluded it from OFID's public sector portfolio.

"On this occasion, although our mandate requires us to prioritize the less-developed countries, we felt we had to give this project proposal serious consideration because it addresses a basic human right — access to clean drinking water," he explained.

He went on to describe the due diligence mission that OFID conducted in the project area in October 2014, where it quickly became evident that the water was highly contaminated with a number of toxic minerals that would be very hazardous to people's health over the long term.

"Based on the information gathered during the visit, we were convinced that our consideration of this project was more than justified, not only from the economic point of view, but also from a development perspective," Linares stressed.

"We envisaged the project delivering substantial social impact, as the new infrastructure would eventually have the potential to attract more investments and strengthen local economic activities," he added.

Because this is OFID's first-ever public sector project in Argentina, it was necessary to present Argentina as a new partner to the institution's Governing Board, in order for it to be declared eligible for financing.

Having gone through this process, added by the willingness of Argentina's central government to provide a sovereign guarantee, the loan was approved.

Linares disclosed that OFID has since received further requests to finance more projects with its new partner, such as water supply, urban development and basic infrastructure.

"But we still need to coordinate with the central government to see which sectors they are going to prioritize," he stated.

Although the Santa Fé project is OFID's first public sector initiative in Argentina, the country has previously benefited from a trade finance loan, which was extended in 2010 in support of agribusiness.



Forthcoming events

Gas to liquids, October 12–13, 2015, London, UK. Details: SMi Group Ltd, Unit 122, Great Guildford Business Square, 30 Great Guildford Street, London SE1 OHS, UK. Tel: +44 207 827 6000; fax: +44 207 827 6001; e-mail: client_services@smi-online.co.uk; website: www.smi-online.co.uk/energy/uk/conference/gas-to-liquids.

18th CEE & Turkey refining and petrochemicals summit, October 13–15, 2015, Budapest, Hungary. Details: The Exchange Ltd, 5th Floor, 86 Hatton Garden, London EC1N 8QQ, UK. Tel: +44 207 067 1800; fax: +44 207 242 2673; e-mail: marketing@theenergyexchange.co.uk; website: www.wraconferences.com/event/cee-and-turkey-refining-and-petrochemicals.

Chad international oil, mining and energy conference and showcase/exhibition 2015, October 13–15, 2015, N'djamena, Chad. Details: Cubic Globe Ltd. Tel: +44 208 605 05 09; fax: +44 208 605 05 12; e-mail: info@cubicglobe.com; website: www.ciome-chad.com.

GasSuf, October 13–15, 2015, Moscow, Russia. Details: ITE Group plc, Oil and Gas Division, 105 Salusbury Road, London NW6 6RG, UK. Tel: +44 207 596 5233; fax: +44 207 596 5106; e-mail: oilgas@ite-exhibitions.com; website: www.gassuf.ru/en-GB.

3rd European digital oil field summit, October 14–15, 2015, London, UK. Details: Active Communications International, 5–13 Great Suffolk Street, 4th Floor, London SE1 ONS, UK. Tel +44 207 981 98 00; fax: +44 207 593 00 71; e-mail: claire@acieu.net; website: www.wplgroup.com/aci/event/digital-oifield-summit-europe.

Operational excellence in refining, gas and petrochemicals, October 15–16, 2015, Bangkok, Thailand. Details: Euro Petroleum Consultants Ltd, 44 Oxford Drive, Bermondsey Street, London SE1 2FB, UK. Tel: +44 207 357 8394; fax: +44 207 357 8395; e-mail: enquiries@europetro.com; website: www.europetro.com/en/asiapex_2015.

8th China unconventional oil and gas summit, October 15–16, 2015, Beijing, PR of China. Details: Global Industry Connects Consultancy (GICC Group), Room 1309, 13/F, Block No 1, Joy International Square, No 59 Zhenghua Road, Zhengzhou, Henan Province, PR of China. Tel: +86 371 55 95 81 75; fax: +86 371 55 95 87 84; e-mail: info@gicc.org.cn; website: www.giccgroupp.com/uog8/index.asp.

3rd Annual Middle East operational excellence summit, October 18–20, 2015, Manama, Bahrain. Details: The Exchange Ltd, 5th Floor, 86 Hatton Garden, London EC1N 8QQ, UK. Tel: +44 207 067 1800; fax: +44 207 242 2673; e-mail: marketing@theenergyexchange.co.uk; website: www.digital-refining.com/380.events,3rd_Annual_Middle_East_Operational_Excellence_Summit_2015.html#.VefyZJekFoM.

14th Annual Middle East oil and gas pipelines summit, October 19–20, 2015, Manama, Bahrain. Details: The Exchange Ltd, 5th Floor, 86 Hatton Garden, London EC1N 8QQ, UK. Tel: +44 207 067 1800; fax: +44 207 242 2673; e-mail: marketing@theenergyexchange.co.uk; website: www.theenergyexchange.co.uk/event/oil-and-gas-pipelines-middle-east-2015.

3rd Annual offshore support vessels Africa, October 19–21, 2015, Lagos, Nigeria. Details: IBC Global Conferences, The Bookings Department, Informa UK Ltd, PO Box 406, West Byfleet KT14 6WL, UK. Tel: +44 207 017 55 18; fax: +44 207 017 47 15; e-mail: energycustserv@informa.com; website: http://africa.osvconference.com.

4th annual new Libya oil and gas 2015 forum, October 19–21, 2015, London, UK. Details: IRN International Research Networks Ltd, 10–18 Vestry

Street, 1st Floor, London N1 7RE, UK. Tel: +44 207 11 11 615; fax: +44 207 18 37 945; e-mail: info@libyaoilgas.com; website: www.libyaoilgas.com.

Human capital management for oil and gas 2015, October 19–21, 2015, Houston, TX, USA. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.humancapitaloilgas.com.

Practical Nigerian content, October 20, 2015, Yenagoa, Nigeria. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.cwcpnc.com.

3rd Annual black offshore conference, October 20–21, 2015, Bucharest, Romania. Details: Global Business Club Ltd, Office 301, 22 Highbury Grove, London N5 2ER, UK. Tel: +44 845 868 82 34 or +44 203 567 13 49; fax: +44 845 154 25 44; e-mail: info@globuc.com; website: http://globuc.com/events/black_sea_offshore_2014.

Argus DeWitt aromatics conference 2015, October 20–21, 2015, Singapore. Details: Argus Media Ltd, Argus House, 175 St John Street, London EC1V 4LW, UK. Tel: +65 64 96 98 99; fax: +65 65 33 41 81; e-mail: asiainconferences@argusmedia.com; website: www.argusmedia.com/Events/Argus-Events/Asia/Aromatics/Home.

Offshore pipeline technology Asia conference, October 21–22, 2015, Kuala Lumpur, Malaysia. Details: IBC Global Conferences, The Bookings Department, Informa UK Ltd, PO Box 406, West Byfleet KT14 6WL UK; Tel: +44 207 017 55 18; fax: +44 207 017 47 15; e-mail: energycustserv@informa.com; website: www.ibcenergy.com/event/opt-asia.

Shale gas environment summit, October 26–27, 2015, London, UK. Details: SMi Group Ltd, Unit 122, Great Guildford Business Square, 30 Great Guildford Street, London SE1 OHS, UK. Tel: +44 207 827 6000; fax: +44 207 827 6001; e-mail: client_services@smi-online.co.uk; website: www.smi-online.co.uk/energy/uk/conference/shale-gas-environmental-summit.

4th annual flare management and reduction summit, October 25–28, 2015, Dubai, UAE. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.flaremanagementme.com/?utm_source=GulfOilGas&utm_medium=Banner&utm_campaign=21812.004%2BEexternals&utm_term=Homepage&utm_content=Text&MAC=21812.004_GOG_BR&disc=21812.004_GOG_BR.

Oil and gas mobility Calgary, October 26–28, 2015, Calgary, Canada. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.oilandgasmobilitycalgary.com.

22nd Africa oil week/Africa upstream conference, October 26–30, 2015, Cape Town, South Africa. Details: Global Pacific Partners, Suite 7, 4 Montpelier Street, Knightsbridge, London SW7 1EE, UK. Tel: +44 207 589 7804; fax: +44 207 589 7814; e-mail: babette@glopac.com; website: www.globalpacificpartners.com/events/?fa=overview&id=937.

5th edition of oil and gas Thailand and petrochemical Asia, October 27–29, 2015, Bangkok, Thailand. Details: Fireworks Media (Thailand) Co. Ltd, Promphan 2 Office & Residence, 8th Floor (Office Zone, Room 807) 1 Soi Lat Phrao 3, Lat Phrao Road, Jompol, Chatuchak, Bangkok 10900, Thailand. Tel: +66 25 13 14 18; fax: +66 25 13 14 19; e-mail: thai@asiafireworks.com. website: www.oilgasthai.com.



Lower prices spurring higher demand for oil

September 2015

Despite moderate economic growth, recent data shows better-than-expected oil demand in the main consuming countries, according to the OPEC Secretariat in Vienna.

The Organization's Monthly Oil Market Report (*MOMR*) for September maintained that this development was mainly being driven by lower international oil prices.

At the same time, said a feature article in the report, United States oil production had shown signs of slowing.

"This could contribute to a reduction in the imbalance of oil market fundamentals. However, it remains to be seen to what extent this can be achieved in the months to come," it observed.

The *MOMR* noted that the trend of the past years' moderate global growth was likely to continue.

Recent world economic developments had caused the GDP growth forecast to be revised lower to stand at 3.1 per cent in 2015 and it was expected to rise only modestly to 3.4 per cent in 2016.

"While the group of emerging and developing economies has been the main growth engine in recent years, it has become clear that growth in this group is slowing down," it stated.

However, it said OECD economies were holding up well and were forecast to grow by 2.0 per cent in the current year and by 2.1 per cent in 2016.

"While upside potential remains, the many uncertainties in the global economy in the current year and next year have skewed the growth risk slightly to the downside.

"Nevertheless, global oil demand growth, benefitting also from low oil prices, has strengthened since the initial forecast, which

may continue for the remainder of the year," said the article.

The *MOMR* said that within the OECD group of countries, growth in the US was forecast to remain solid, with improvements in the labour market set to continue.

Consequently, US GDP growth had been revised up to 2.5 per cent from 2.4 per cent previously. Low productivity and lower industry utilization rates, however, remained a drag on the economy.

Moreover, the expectation of reaching the federal government's debt ceiling towards the end of the year would, as in the past, pose some uncertainty to the economy.

In the Euro-zone, said the report, growth had been slightly softer than expected in the past months and while the recovery continued, the region's ongoing sovereign debt issues and elections in some important economies raised uncertainty for the region.

In addition, it said, the slowing growth trend in China may also impact the Euro-zone's two largest exporters – Germany and France.

This was also applicable to Japan, which had close trading ties with China, and which had led to a downward revision of Japan's 2015 GDP growth from 1.2 per cent previously to now stand at 0.8 per cent.

"Moreover, the necessity of Japan to continue improving its debt situation may lead to repeated tax increases in the coming year, which may dampen economic growth again."

The *MOMR* said that of the four major emerging economies, Brazil and Russia were in recession this year, while Brazil's GDP was forecast to contract in 2016.

"While China continues to grow, it is



forecast to grow at a slower pace of 6.8 per cent in 2015 and 6.4 per cent in 2016.

"So far, signs of China recently moving towards a floating exchange rate regime, along with the past weeks' stock market developments, have not severely impacted the real economy.

"However, overcapacity, capital outflows and new financial market movements are more likely to impact China's economy," the *MOMR* maintained.

India, on the other hand, constituted an exception, as growth was forecast to rise in 2016 to 7.6 per cent from 7.4 per cent in the current year, while growth in the second quarter had been lower than expected.

"All in all, the importance of monetary decisions will also play a key-role in the near future," the report asserted.

The decision of the US Fed regarding the timing and magnitude of an interest rate hike may turn out to be an important factor for the global economy – particularly, as the ECB and the BoJ and recently China's central bank, embarked on a different strategy, ie increasing monetary support.

"This, together with the uncertainties about China's growth level, has had a significant impact on currency markets, especially on emerging market currencies, which ultimately affect the oil-market," the *MOMR* stated. ■■

MOMR oil market highlights ...

September 2015

The **OPEC Reference Basket** fell below \$50/b in August to average \$45.46/b, which was mostly attributed to sell-offs amid enduring oversupply and Chinese economic turbulence. Crude oil futures plunged sharply again to multi-month lows, with ICE Brent ending at \$48.21/b and Nymex WTI at \$42.89/b. Speculators continued to be bearish in August with net-long positions in oil futures and options at record lows. The Brent-WTI spread narrowed by about 52¢ to \$5.32/b in August.

World economic growth has been revised down to 3.1 per cent for 2015 and to 3.4 per cent for 2016. While OECD growth remains unchanged at 2.0 per cent for 2015 and 2.1 per cent in 2016, major emerging economies are increasingly facing challenges. China's and India's growth forecasts have been revised down by 0.1 percentage point to now stand at 6.8 per cent and 6.4 per cent for China and at 7.4 per cent and 7.6 per cent for India in 2015 and 2016, respectively.

In 2015, world **oil demand** growth is expected to be around 1.46 million b/d after an upward revision of around 84,000 b/d, mainly to reflect better-than-expected data from the OECD region. In 2016, world

oil demand is anticipated to rise by 1.29m b/d after a downward revision of around 50,000 b/d.

Non-OPEC oil supply is expected to grow by 880,000 b/d in 2015, following a downward revision of around 72,000 b/d, due to lower-than-expected output in the US. In 2016, non-OPEC oil supply is expected to increase slightly by 160,000 b/d, a downward revision of 110,000 b/d from the previous report. Output of OPEC NGLs is expected to grow by 190,000 b/d in 2015 and 170,000 b/d in 2016. In August, OPEC crude production averaged 31.54m b/d, according to secondary sources.

Product markets in the Atlantic Basin showed a mixed performance. Bearish sentiment, fueled by the approaching end of the driving season, caused US refinery margins to drop, while in Europe, margins remained healthy on the back of some recovery in the middle of the barrel. Asian margins showed a slight recovery in middle distillates on strong regional demand amid some run cuts, partially easing concerns over product oversupply.

Bearish sentiment dominated the dirty **tanker market** in August with freight

rates for VLCCs, Suezmax and Aframax registering a drop from the previous month. Freight rates declined, mainly as a result of tonnage availability, while tonnage demand remains limited. Average clean tanker freight rates were down, mainly on the back of lower freight rates and market activity in west of Suez. In August, OPEC spot fixtures rose to average 12.20m b/d, and OPEC sailings increased to stand at 24.11m b/d.

OECD commercial oil stocks rose further in July to stand at 2,925m b. At this level, they were 202m b higher than the latest five-year average, with crude and products indicating a surplus of around 163m b and 39m b, respectively. In terms of days of forward cover, OECD commercial stocks stood at 63.3 days, 4.8 days above the latest five-year average.

Demand for OPEC crude is estimated at 29.3m b/d in 2015, 100,000 b/d higher than the previous assessment and up by 400,000 b/d from the previous year. In 2016, required OPEC crude is projected at 30.3m b/d, 200,000 b/d higher than the previous month's assessment and around 1.0m b/d above the estimated level of this year.



The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for September 2015. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage. The additional graphs and tables on the following pages reflect the latest data on OPEC Reference Basket and crude and oil product prices in general.

Table 1: OPEC Reference Basket crude oil prices
\$/b

| Crude/Member Country | 2014 | | | | | 2015 | | | | | | | | Weeks 31-35/2015 (week ending) | | | | |
|----------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------------------|--------------|--------------|--------------|--------------|
| | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Jul 31 | Aug 7 | Aug 14 | Aug 21 | Aug 28 |
| Arab Light – Saudi Arabia | 102.24 | 97.23 | 85.93 | 76.07 | 60.13 | 44.47 | 53.78 | 52.20 | 57.73 | 62.62 | 60.94 | 54.95 | 46.52 | 51.61 | 48.62 | 48.28 | 45.84 | 42.95 |
| Basrah Light – Iraq | 99.20 | 94.49 | 83.57 | 73.94 | 57.94 | 42.58 | 51.82 | 50.53 | 55.61 | 60.40 | 58.63 | 53.10 | 44.32 | 49.95 | 46.40 | 46.02 | 43.67 | 40.85 |
| Bonny Light – Nigeria | 102.26 | 98.07 | 88.51 | 80.10 | 63.81 | 48.51 | 58.46 | 56.75 | 60.65 | 65.31 | 62.19 | 56.77 | 47.07 | 54.07 | 48.92 | 48.36 | 46.56 | 44.14 |
| Es Sider – Libya | 100.56 | 96.20 | 86.31 | 78.90 | 61.53 | 46.76 | 56.83 | 54.78 | 58.40 | 63.22 | 60.79 | 55.54 | 45.82 | 52.84 | 47.67 | 47.11 | 45.31 | 42.89 |
| Girassol – Angola | 101.52 | 97.15 | 86.78 | 78.68 | 61.83 | 47.98 | 58.27 | 56.86 | 61.12 | 65.51 | 63.28 | 56.46 | 47.42 | 53.24 | 49.22 | 48.71 | 46.71 | 44.69 |
| Iran Heavy – IR Iran | 101.42 | 96.14 | 84.61 | 74.46 | 58.99 | 42.84 | 53.26 | 51.27 | 56.26 | 61.38 | 59.86 | 54.86 | 46.25 | 51.72 | 48.53 | 48.13 | 45.80 | 42.37 |
| Kuwait Export – Kuwait | 100.57 | 95.30 | 83.99 | 74.04 | 58.25 | 42.31 | 52.25 | 50.52 | 55.96 | 60.92 | 59.29 | 53.85 | 45.28 | 50.61 | 47.47 | 47.12 | 44.67 | 41.57 |
| Marine – Qatar | 101.52 | 96.08 | 86.14 | 75.43 | 59.48 | 45.51 | 55.38 | 54.27 | 58.51 | 63.26 | 61.79 | 55.36 | 46.98 | 52.00 | 49.37 | 48.92 | 46.55 | 43.04 |
| Merey* – Venezuela | 92.31 | 88.61 | 76.17 | 68.42 | 51.17 | 37.96 | 48.41 | 45.79 | 49.49 | 55.09 | 51.74 | 44.43 | 35.26 | 40.90 | 38.30 | 37.62 | 34.74 | 30.27 |
| Murban – UAE | 104.33 | 98.93 | 89.10 | 77.85 | 62.27 | 48.41 | 58.56 | 57.41 | 61.66 | 66.18 | 64.59 | 57.58 | 48.83 | 53.90 | 51.44 | 50.77 | 48.29 | 44.77 |
| Oriente – Ecuador | 89.53 | 87.20 | 76.84 | 69.52 | 53.86 | 42.26 | 47.00 | 45.79 | 52.73 | 58.04 | 56.71 | 47.78 | 39.75 | 44.09 | 41.24 | 40.44 | 38.68 | 37.49 |
| Saharan Blend – Algeria | 100.86 | 97.10 | 87.61 | 79.60 | 62.93 | 47.91 | 58.18 | 56.93 | 59.75 | 64.12 | 61.69 | 56.34 | 47.17 | 53.64 | 49.02 | 48.46 | 46.66 | 44.24 |
| OPEC Reference Basket | 100.75 | 95.98 | 85.06 | 75.57 | 59.46 | 44.38 | 54.06 | 52.46 | 57.30 | 62.16 | 60.21 | 54.19 | 45.46 | 50.93 | 47.65 | 47.20 | 44.85 | 41.84 |

Table 2: Selected OPEC and non-OPEC spot crude oil prices
\$/b

| Crude/Member Country | 2014 | | | | | 2015 | | | | | | | | Weeks 31-35/2015 (week ending) | | | | |
|---------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------------------|-------|--------|--------|--------|
| | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Jul 31 | Aug 7 | Aug 14 | Aug 21 | Aug 28 |
| Minas – Indonesia ¹ | 99.94 | 95.07 | 84.46 | 75.92 | 59.95 | 46.37 | 55.90 | 54.11 | 58.55 | 62.98 | 60.09 | 51.86 | 42.46 | 47.78 | 44.66 | 44.48 | 42.09 | 38.52 |
| Arab Heavy – Saudi Arabia | 99.14 | 93.73 | 82.45 | 72.18 | 56.65 | 40.25 | 51.07 | 49.34 | 54.26 | 59.42 | 58.01 | 53.55 | 44.82 | 50.47 | 47.17 | 46.77 | 44.39 | 40.85 |
| Brega – Libya | 100.21 | 96.05 | 86.26 | 79.10 | 62.43 | 47.71 | 57.73 | 55.68 | 59.20 | 63.97 | 61.24 | 56.04 | 46.32 | 53.34 | 48.17 | 47.61 | 45.81 | 43.39 |
| Brent – North Sea | 101.56 | 97.30 | 87.41 | 78.90 | 62.53 | 47.86 | 58.13 | 55.93 | 59.50 | 64.32 | 61.69 | 56.54 | 46.72 | 53.84 | 48.57 | 48.01 | 46.21 | 43.79 |
| Dubai – UAE | 101.73 | 96.47 | 86.73 | 76.33 | 60.25 | 45.57 | 55.85 | 54.66 | 58.55 | 63.54 | 61.76 | 56.15 | 47.87 | 53.03 | 50.22 | 49.82 | 47.44 | 43.90 |
| Ekofisk – North Sea | 102.04 | 97.75 | 87.87 | 79.27 | 63.15 | 48.48 | 59.22 | 57.18 | 60.51 | 64.86 | 62.21 | 57.02 | 47.53 | 54.28 | 49.58 | 49.00 | 46.87 | 44.65 |
| Iran Light – IR Iran | 101.30 | 96.41 | 84.90 | 76.88 | 61.32 | 47.42 | 55.97 | 54.79 | 59.34 | 63.97 | 62.28 | 55.76 | 45.74 | 52.54 | 48.56 | 47.24 | 44.70 | 42.45 |
| Isthmus – Mexico | 96.78 | 93.70 | 85.40 | 79.04 | 59.74 | 45.52 | 52.68 | 51.41 | 59.10 | 63.78 | 63.48 | 55.62 | 46.56 | 52.22 | 48.03 | 47.32 | 45.63 | 44.23 |
| Oman – Oman | 102.15 | 97.18 | 86.77 | 77.81 | 61.16 | 46.61 | 56.58 | 55.12 | 58.66 | 63.60 | 61.77 | 56.23 | 47.87 | 53.20 | 50.22 | 49.82 | 47.44 | 43.90 |
| Suez Mix – Egypt | 99.34 | 93.48 | 83.91 | 75.58 | 58.72 | 44.07 | 54.70 | 52.05 | 57.07 | 61.32 | 59.36 | 53.00 | 43.30 | 48.93 | 44.84 | 44.78 | 42.79 | 40.79 |
| Urals – Russia | 101.98 | 96.13 | 86.63 | 78.92 | 61.53 | 47.03 | 57.81 | 55.07 | 59.70 | 64.33 | 62.52 | 55.84 | 46.22 | 51.86 | 47.77 | 47.68 | 45.60 | 43.49 |
| WTI – North America | 96.38 | 93.36 | 84.43 | 76.04 | 59.50 | 47.29 | 50.76 | 47.77 | 54.43 | 59.28 | 59.81 | 51.17 | 42.77 | 47.82 | 44.93 | 43.18 | 41.18 | 40.61 |

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

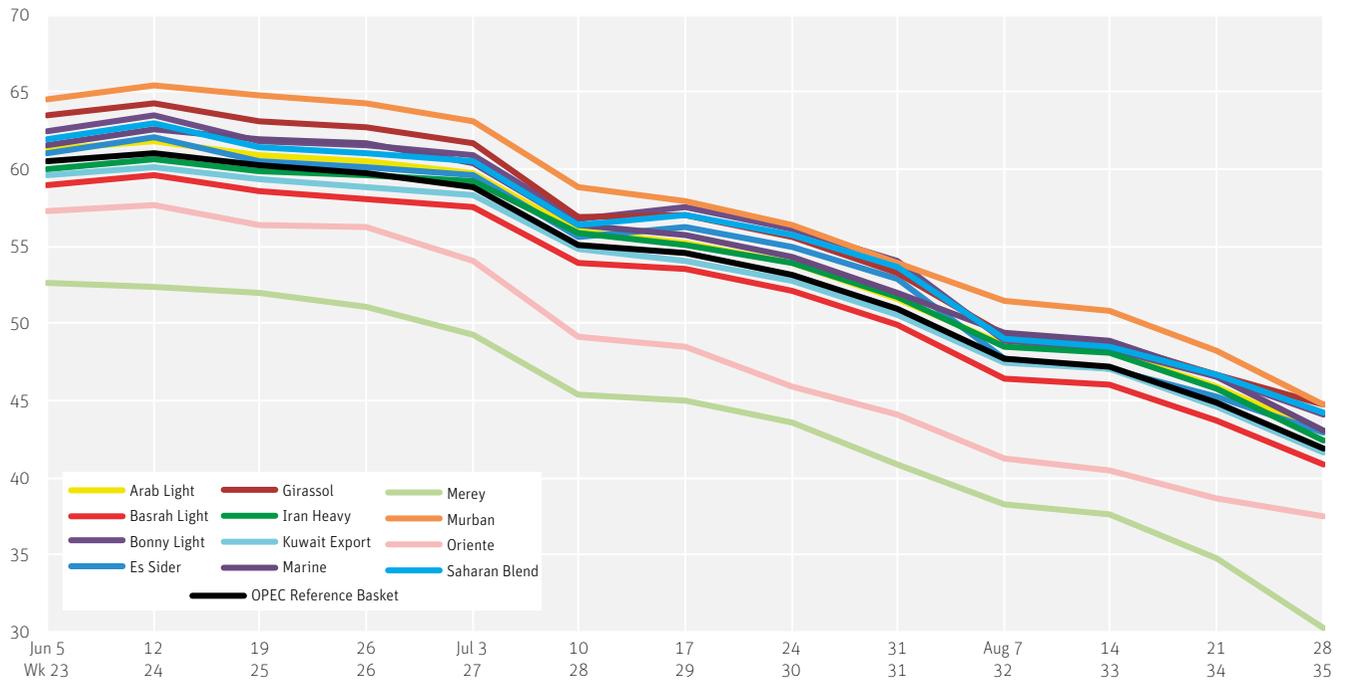
* Upon the request of Venezuela, and as per the approval of the 111th ECB, BCF-17 has been replaced by Merey as of January 2009. The ORB has been revised as of this date.

1. Indonesia suspended its OPEC Membership on December 31, 2008. Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.

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

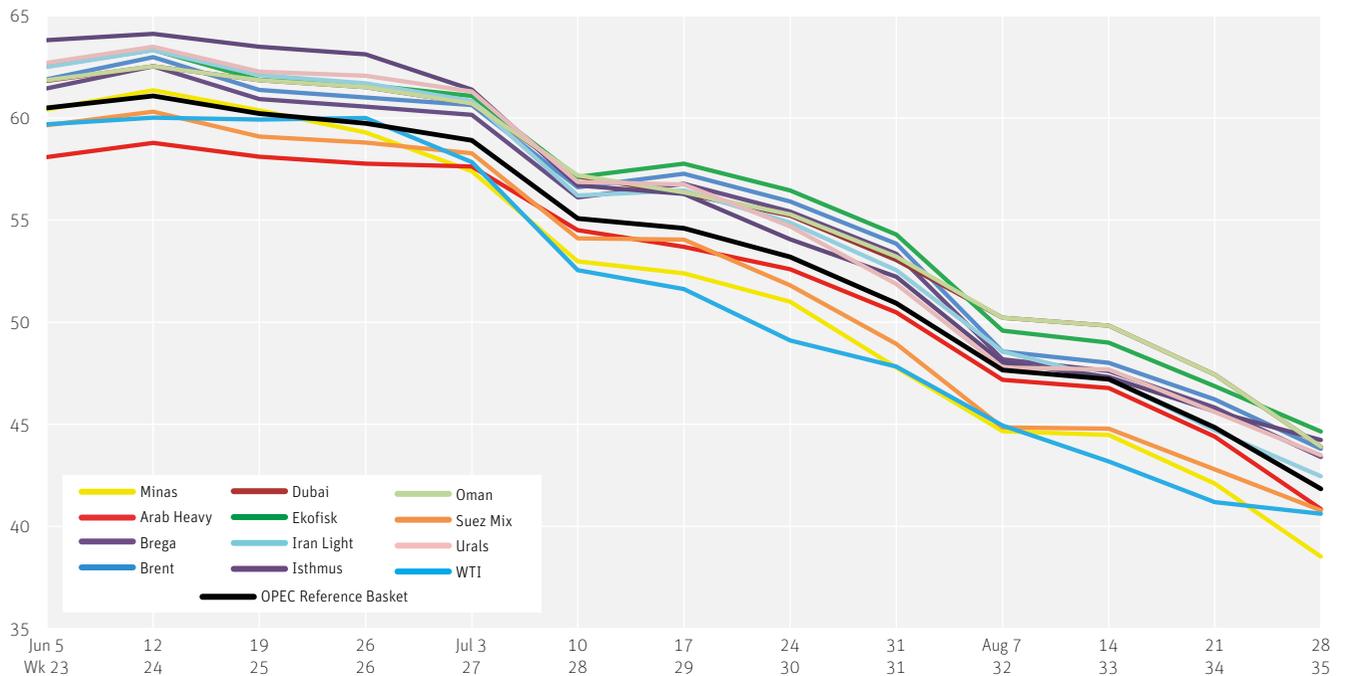
Graph 1: Evolution of the OPEC Reference Basket crudes, 2015

\$/b



Graph 2: Evolution of spot prices for selected non-OPEC crudes, 2015

\$/b



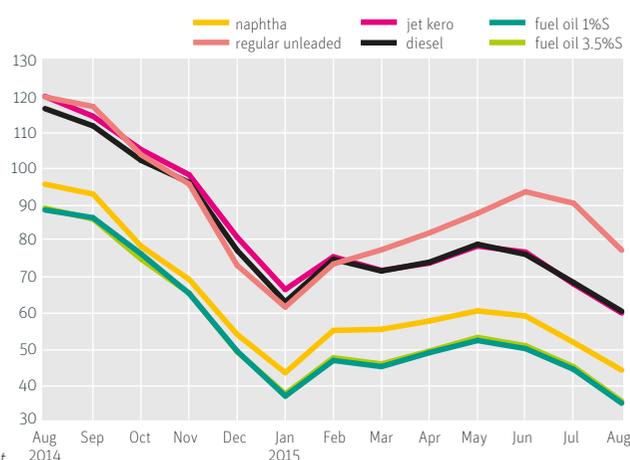
Note: As per the decision of the 109th ECB (held in February 2008), the OPEC Reference Basket (ORB) has been recalculated including the Ecuadorian crude Oriente retroactive as of October 19, 2007. As per the decision of the 108th ECB, the basket has been recalculated including the Angolan crude Girassol,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

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

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

\$/b

| | naphtha | regular gasoline unleaded | diesel ultra light | jet kero | fuel oil 1 per cent S | fuel oil 3.5 per cent S |
|-------------|---------|---------------------------|--------------------|----------|-----------------------|-------------------------|
| 2014 | | | | | | |
| August | 95.76 | 119.86 | 116.65 | 120.02 | 88.64 | 89.16 |
| September | 93.04 | 117.23 | 111.88 | 114.54 | 86.50 | 86.14 |
| October | 78.61 | 103.90 | 102.35 | 105.32 | 76.50 | 75.06 |
| November | 69.44 | 95.79 | 96.25 | 98.35 | 65.55 | 65.66 |
| December | 54.22 | 73.31 | 77.45 | 81.09 | 49.59 | 49.44 |
| 2015 | | | | | | |
| January | 43.66 | 61.80 | 63.24 | 66.67 | 37.20 | 37.79 |
| February | 55.35 | 73.71 | 75.02 | 75.70 | 47.05 | 47.79 |
| March | 55.65 | 77.62 | 71.77 | 71.93 | 45.35 | 46.07 |
| April | 57.96 | 82.31 | 74.21 | 73.97 | 49.20 | 49.64 |
| May | 60.76 | 87.70 | 79.16 | 78.67 | 52.57 | 53.41 |
| June | 59.34 | 93.68 | 76.37 | 76.99 | 50.32 | 51.12 |
| July | 52.04 | 90.50 | 68.59 | 68.18 | 44.59 | 45.30 |
| August | 44.38 | 77.52 | 60.66 | 60.18 | 35.24 | 35.80 |



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

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

\$/b

| | naphtha | premium gasoline 50ppm | diesel ultra light | fuel oil 1 per cent S | fuel oil 3.5 per cent S |
|-------------|---------|------------------------|--------------------|-----------------------|-------------------------|
| 2014 | | | | | |
| August | 93.81 | 115.19 | 117.07 | 89.68 | 88.87 |
| September | 90.97 | 113.54 | 112.15 | 88.60 | 85.92 |
| October | 75.96 | 99.57 | 101.58 | 76.56 | 75.70 |
| November | 66.15 | 91.37 | 95.41 | 66.33 | 65.65 |
| December | 50.28 | 68.70 | 77.48 | 50.62 | 48.88 |
| 2015 | | | | | |
| January | 39.92 | 56.54 | 64.39 | 39.43 | 38.01 |
| February | 52.53 | 68.31 | 76.34 | 49.07 | 46.78 |
| March | 52.55 | 73.37 | 73.42 | 47.87 | 46.03 |
| April | 54.42 | 78.27 | 75.84 | 51.02 | 49.58 |
| May | 58.37 | 82.87 | 80.99 | 54.19 | 52.79 |
| June | 56.05 | 86.19 | 78.19 | 51.87 | 51.46 |
| July | 48.48 | 83.94 | 70.34 | 45.57 | 44.77 |
| August | 42.33 | 70.26 | 62.21 | 36.31 | 35.76 |

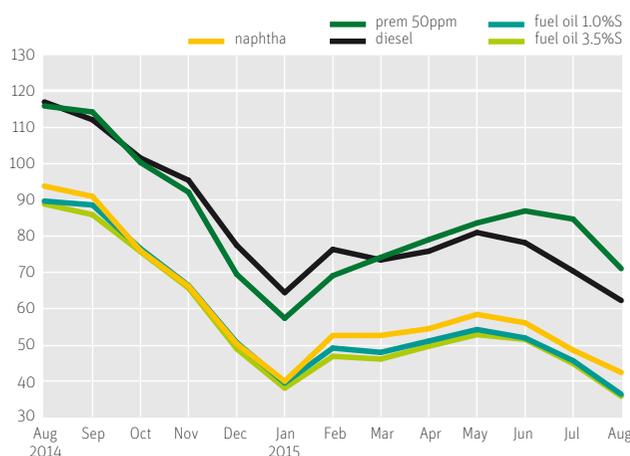
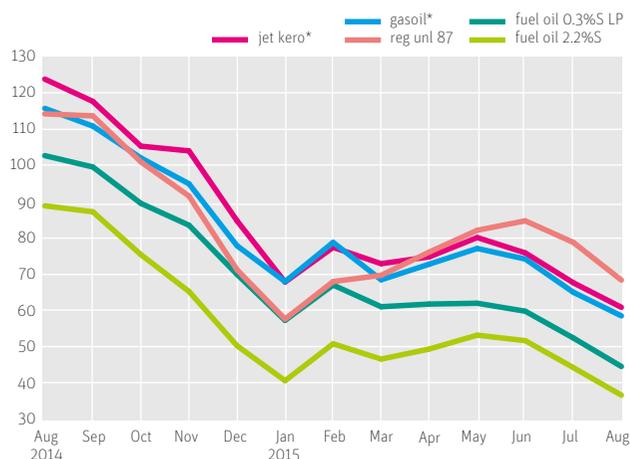


Table and Graph 5: US East Coast market – spot cargoes, New York

\$/b, duties and fees included

| | regular gasoline unleaded 87 | gasoil* | jet kero* | fuel oil 0.3 per cent S | fuel oil 2.2 per cent S |
|-------------|------------------------------|---------|-----------|-------------------------|-------------------------|
| 2014 | | | | | |
| August | 114.09 | 115.60 | 123.67 | 102.58 | 88.74 |
| September | 113.53 | 110.71 | 117.52 | 99.44 | 87.09 |
| October | 100.85 | 101.93 | 105.18 | 89.41 | 75.28 |
| November | 91.42 | 94.81 | 103.88 | 83.40 | 65.14 |
| December | 71.13 | 77.75 | 84.62 | 69.84 | 50.19 |
| 2015 | | | | | |
| January | 57.53 | 67.86 | 67.73 | 57.16 | 40.53 |
| February | 67.86 | 78.66 | 77.29 | 66.91 | 50.72 |
| March | 69.59 | 68.35 | 72.79 | 60.93 | 46.49 |
| April | 75.99 | 72.65 | 74.67 | 61.66 | 49.26 |
| May | 82.00 | 76.98 | 80.00 | 61.89 | 53.09 |
| June | 84.60 | 74.07 | 75.76 | 59.69 | 51.57 |
| July | 78.66 | 64.91 | 67.53 | 52.31 | 44.15 |
| August | 68.26 | 58.40 | 60.76 | 44.45 | 36.54 |



* FOB barge spot prices.

Source: Platts. Prices are average of available days.

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

\$/b

| | naphtha | gasoil | jet kero | fuel oil 2 per cent S | fuel oil 2.8 per cent S |
|-------------|---------|--------|----------|-----------------------|-------------------------|
| 2014 | | | | | |
| August | 103.46 | 117.52 | 121.28 | 86.93 | 81.93 |
| September | 99.20 | 112.28 | 116.34 | 84.72 | 79.72 |
| October | 83.11 | 103.02 | 105.12 | 71.56 | 66.56 |
| November | 74.99 | 94.66 | 98.86 | 62.68 | 57.68 |
| December | 53.81 | 73.83 | 77.19 | 47.07 | 42.07 |
| 2015 | | | | | |
| January | 53.64 | 65.94 | 64.93 | 36.49 | 31.49 |
| February | 64.50 | 74.63 | 74.74 | 47.16 | 42.16 |
| March | 63.59 | 69.97 | 70.21 | 44.71 | 39.71 |
| April | 64.91 | 73.26 | 73.41 | 47.16 | 42.16 |
| May | 71.07 | 78.66 | 79.51 | 49.93 | 44.93 |
| June | 70.93 | 73.62 | 74.61 | 48.31 | 43.31 |
| July | 55.93 | 65.93 | 66.69 | 40.69 | 35.69 |
| August | 48.73 | 59.16 | 60.13 | 31.43 | 26.43 |

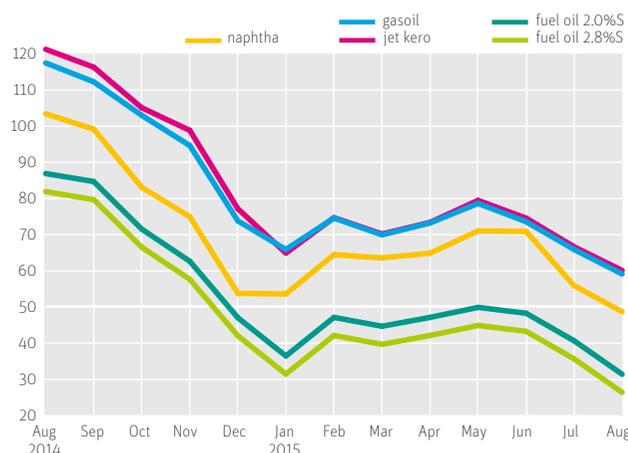


Table and Graph 7: Singapore market – spot cargoes, fob

\$/b

| | naphtha | premium gasoline unl 95 | premium gasoline unl 92 | gasoil | jet kero | fuel oil 180 Cst | fuel oil 380 Cst |
|-------------|---------|-------------------------|-------------------------|--------|----------|------------------|------------------|
| 2014 | | | | | | | |
| August | 98.87 | 111.35 | 109.26 | 116.74 | 116.60 | 93.50 | 91.86 |
| September | 94.45 | 110.58 | 108.61 | 111.95 | 112.48 | 90.86 | 89.14 |
| October | 79.79 | 101.17 | 98.19 | 100.22 | 101.56 | 79.24 | 77.41 |
| November | 71.86 | 90.44 | 87.94 | 93.85 | 96.41 | 71.68 | 70.38 |
| December | 56.33 | 71.91 | 69.58 | 77.10 | 78.36 | 55.52 | 54.60 |
| 2015 | | | | | | | |
| January | 45.23 | 57.42 | 54.66 | 62.67 | 63.66 | 43.99 | 42.59 |
| February | 57.39 | 70.46 | 67.06 | 71.14 | 73.25 | 54.93 | 52.24 |
| March | 57.38 | 73.84 | 70.34 | 70.75 | 70.01 | 51.54 | 49.42 |
| April | 59.56 | 75.55 | 73.07 | 72.37 | 72.08 | 54.82 | 52.45 |
| May | 62.04 | 83.73 | 81.10 | 78.02 | 77.69 | 61.28 | 58.22 |
| June | 60.89 | 83.97 | 81.02 | 74.73 | 74.56 | 57.08 | 55.73 |
| July | 53.15 | 75.95 | 72.52 | 65.07 | 65.81 | 48.71 | 47.49 |
| August | 45.76 | 66.00 | 61.95 | 57.12 | 57.08 | 39.04 | 37.36 |

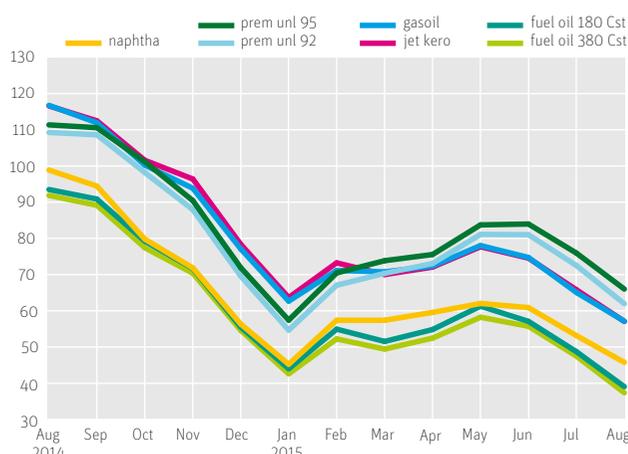
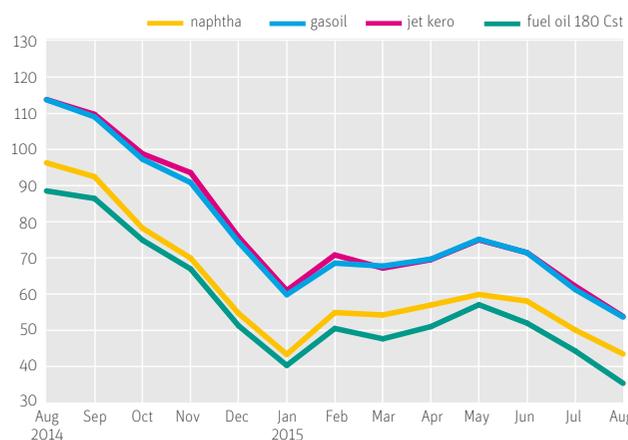


Table and Graph 8: Middle East Gulf market – spot cargoes, fob

\$/b

| | naphtha | gasoil | jet kero | fuel oil 180 Cst |
|-------------|---------|--------|----------|------------------|
| 2014 | | | | |
| August | 96.28 | 113.73 | 113.76 | 88.51 |
| September | 92.44 | 108.99 | 109.68 | 86.42 |
| October | 78.20 | 97.26 | 98.76 | 74.90 |
| November | 69.94 | 90.82 | 93.55 | 66.95 |
| December | 54.62 | 74.32 | 75.73 | 51.21 |
| 2015 | | | | |
| January | 43.32 | 59.82 | 60.98 | 40.28 |
| February | 54.88 | 68.55 | 70.81 | 50.49 |
| March | 54.22 | 67.74 | 67.18 | 47.63 |
| April | 56.96 | 69.66 | 69.51 | 51.01 |
| May | 59.89 | 75.15 | 74.98 | 57.06 |
| June | 58.06 | 71.44 | 71.45 | 51.98 |
| July | 50.09 | 61.29 | 62.23 | 44.31 |
| August | 43.45 | 53.64 | 53.79 | 35.34 |

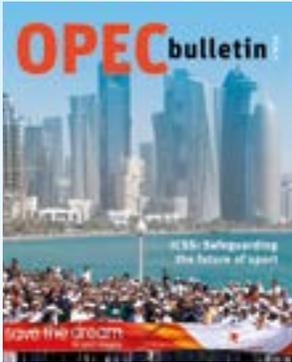


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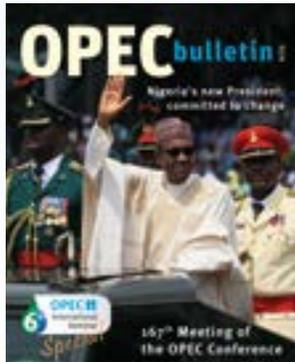
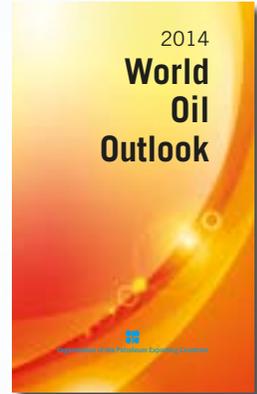


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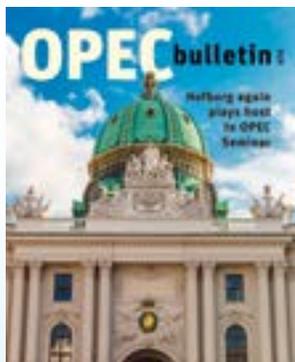
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