OPEC bulletin

10/10

OPEC celebrates art and culture

Getting back to basics when the celebrations are over

It came and it went — OPEC's 50th Anniversary on September 14.

There was a special press conference by Secretary General, Abdalla Salem El-Badri *(see page 4),* and the Golden Jubilee Edition of the OPEC Bulletin appeared.

Otherwise it was a day like any other at the office. After all, the world does not stop because of an anniversary, especially during these difficult times for the world economy and the oil market.

But this is not to detract from the significance of that day for OPEC. It was a day of achievement — 50 years of OPEC.

It was a day that people back in the tail-end of the colonial era would have never expected to happen — a group of heavily exploited developing countries standing up to the established industrialized powers, asserting their sovereign rights to exploit their own indigenous natural resources, developing successful modern petroleum sectors, becoming voices of influence in the global energy sector, and then seeing in the historic day of celebration as it dawned on September 14, 2010.

OPEC has, of course, organized a fitting series of activities to mark this historic occasion, and these have been spread out across the year.

The most recent was OPEC's 50th Anniversary Exhibition *(see page 18)* in the Italian renaissance-style Kursalon in Vienna's city centre, where famous Austrian composer Johann Strauss used to charm his audiences with his melodic waltz music. The ten-day exhibition provided a showcase of Member Country culture, impressing upon visitors that there is more to these countries than just oil. They all have their rich, colourful traditions, with discernible threads of history extending back millennia in some cases, to the very birth of modern civilization.

At the same time, the celebrations have had an accent on youth, underlining the importance of attracting future generations to the oil industry. Young people were much in evidence in organized tours at the exhibition. The Secretariat ran an international children's quiz on OPEC and the oil industry. And work is well advanced on a special children's book about oil.

Other memorable markers of this festive year have included an eye-catching logo, a new Website, anniversary postage stamps in Austria and Member Countries, special publications and a host of souvenirs, including colourful ties, scarves and pins worn by staff at the anniversary events. More activities are planned before the year is out.

While all this provides a welcome feel-good factor for the Organization, its Member Countries, its decision-makers and its staff, it remains a case of 'business as usual' in the world at large. OPEC is ever-mindful of the need to address the challenges facing the oil market and further afield, such as the approaching round of climate change negotiations and the ever-present concern about sustainable development and poverty eradication.

As we approach the northern hemisphere winter, the outlook for the oil market remains uncertain. The September issue of OPEC's *Monthly Oil Market Report* commented thus: "Forecasting world economic growth in 2010 has proved to be a considerable challenge. The persisting impact of the recent global recession, as well as the ongoing effects of the unprecedented government-led stimulus, have created a significant amount of uncertainty in forecasting GDP growth and consequently oil demand growth." It continued: "Now that the current round of government stimuli appears to be winding down, demand growth in the second half of this year is likely to return to the initially projected growth levels, assuming that no further government support is forthcoming."

Such uncertainty will be taken into consideration when OPEC's Ministers carry out their routine review of the Organization's production agreement at the 157th Meeting of the Conference in Vienna on October 14. Indeed, in assessing the oil market outlook, more emphasis is likely to be placed on the rate, the size and the global spread of economic recovery than on the usual seasonal factors for this time of the year.

The Ministers will, as ever, focus on reaching an agreement which will be in the best interests of the market at large, with the accent on stable prices, secure supply and fair returns to investors.

Students of OPEC history, however, will be at pains to point out that these three objectives appeared in our Organization's very first resolution of September 14, 1960.

In other words, when you get down to basics with regard to oil market essentials, very little appears to have changed over the past 50 years!

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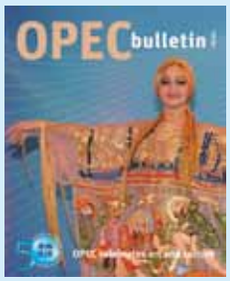

Cover

This month's cover shows a dancer from Iraq, who appeared during the live performances held at OPEC's 50th Anniversary Exhibition (see page 18). Photo: Diana Golpashin, design: Krystian Bieniek.

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OPEC Membership and aims

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

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Secretary General addresses press conference on 50th Anniversary

OPEC will be even more important in years to come

— El-Badri

OPEC will continue to grow in stature and will be even more important in the years ahead than it was in the last half century.

That was the opinion put forward by the Organization's Secretary General, Abdalla Salem El-Badri, in an interview held on OPEC's 50th Anniversary.

In remarks to the OPEC webcast service, he said the Organization faced many challenges in the future, including issues involving the environment, technology and the evolving oil market itself.

"However, it is not like in the past because today the challenges facing the Organization change almost every year," he said. "Fortunately, we have the people in place in OPEC that are up to the task," he added.

Abdalla Salem El-Badri (l), OPEC Secretary General and Angela Agoawike, then Officer-in-Charge of the PR & Information Department.

El-Badri's remarks followed an official press conference convened at the Organization's Headquarters in Vienna on September 14 to mark the Golden Jubilee.

OPEC was founded on September 14, 1960, in the Iraqi capital, Baghdad, by five oil-exporting developing countries — Iran, Iraq, Kuwait, Saudi Arabia and Venezuela.

Safeguard interests

As El-Badri explains in his Anniversary message on the OPEC website, these countries decided to join forces to safeguard their legitimate rights and exercise control over their petroleum resources after years of manipulation by several major international oil companies.

"When we look at the history of OPEC ... we cannot do that without looking at the circumstances, the situation and the environment prevailing at the time," he told assembled newsmen.

He said that, back then, the world was still recovering from the aftereffects of World War II and adjusting to the end of colonial rule.

"But one thing was dominating the oil industry — the international oil companies, known as the 'Seven Sisters'," said El-Badri, in giving a brief overview of the Organization's history.

He pointed out that these companies completely controlled the industry — from exploration activities, through production to also dictating the level of price. This was all done without any consultation with the countries who owned the resources.

"The five oil producers that subsequently established OPEC — Iran, Iraq, Kuwait, Saudi Arabia and Venezuela — really had no say whatsoever over the exploitation of their resources," he affirmed.

El-Badri said that history showed that Venezuela was the country that went to the Middle East to consult with other oil producers there. But it took a couple of years before the 'Founding Five' eventually met in Baghdad to formally establish OPEC.

Moving through the decades, he said the first ten years proved to be a learning period for OPEC since Member Countries still had no control over their activities. But in 1970, Members moved to exercise some control over their industries.

Difficult times

The1980s and 1990s, he continued, represented difficult times for OPEC with price crises and conflicts between its Member Countries.

"We have enough reserves in our Member Countries and there are sufficient reserves in other parts of the world, so fossil fuels will be around for at least the next 50 years."

– El-Badri

"Fortunately, from 2000 onwards, OPEC was reborn and has become a very strong organization. Member Countries have shown a different way of handling their business and a different way of communicating with each other," he said.

"I would say that for the last 10 to 15 years, OPEC has been completely different. Now when Ministers come for the meetings, they know already what they have in mind and they can concentrate on the decisions they have to make," he added.

Asked what constituted the biggest achievements and disappointments for OPEC over the past 50 years, the OPEC Secretary General said there were many achievements and few disappointments.


Abdalla Salem El-Badri

He listed the most important accomplishments as being OPEC Member Countries exercising control over their natural resources; they now possessed very skilled manpower; and they had successfully established national oil companies, which controlled the industry.

El-Badri stressed that, over the years, all Member Countries had worked very hard to ensure the success of OPEC.

"OPEC is the only organization from the Third World that has been able to survive for 50 years and I hope it will continue for the next 50 years," he said.

"We do not want to rock the boat. We certainly do not want to see a double-dip recession which would negatively affect almost everyone."
– El-Badri

El-Badri said the only disappointment for him involved the conflicts that had existed between some OPEC Member Countries.

"I am glad this period is over and I hope we will not see it again. But, even in those difficult times, the Organization proved to be very strong and was able to overcome the problems," he added.

Asked what the future would bring for the oil sector and the Organization, El-Badri maintained that fossil fuels would remain important to the world for the foreseeable future.

"We have enough reserves in our Member Countries and there are sufficient reserves in other parts of the world, so fossil fuels will be around for at least the next 50 years," he said.

Commenting on the impact of other sources of energy, El-Badri said OPEC encouraged their development.

However, he pointed out that these other sources were coming from a low base. Some of them competed directly with food needs, or land requirements, while others, such as nuclear, still came with safety concerns. Yet others were capital intensive.

"In this way, fossil fuels will remain dominant. We just hope that modern technology will continue to make fossil fuels more friendly to the environment," he said.

Questioned as to what constituted the main challenges for OPEC in the next ten years, El-Badri said the Organization would face a very different world than in the past, with changing technology, a changing environment and changes in the market's behaviour.

"We in OPEC have to be ready for all these eventualities. The Organization must adapt itself to the new technologies as they become available. These will affect the recovery and production of oil, such as in frontier deep-water exploration, and they will affect transportation. Our national oil companies must also be ready for these changes when they occur," he said.

In answering a question about the oil market situation, El-Badri said that, at the present time, OPEC Secretariat experts were working hard to study the market's behaviour and analyze conditions for the remainder of the year. Their findings, which would be presented to the Ministers at the October Conference, would form the basis of any decision made to increase or decrease production, or again maintain the status quo.

"At this time we see an inventory problem, and we are not really having such good compliance to Member Country production allocations — it was only about 53 per cent in August — but prices are still in the range of $70–80/b, which is considered comfortable," he said.

Acceptable price range

The OPEC Secretary General pointed out that as long as the prices of other goods, commodities and the services needed for bringing the oil to market did not rise, then the current crude price range was acceptable.

He stated that developments in the world economy were still uncertain, but he was hopeful of more stable conditions and even growth across the world.

The year, he said, had started well with some signs of promising growth, but the last two months had seen a slowdown in the United States, Japan and the European Union, although there was still good growth in India and China to the point that China was even trying to put the brakes on its expansion.

Asked if there was a possibility oil prices could come under pressure, in the light of the use of other energy sources, El-Badri reiterated that other sources of energy

were not a challenge for OPEC and in fact the Organization welcomed them.

"Demand for energy will continue to grow. Don't forget that you have 1.5 billion people in the world without access to modern energy services at this time and 2.5bn people without proper energy sources for cooking. The world is growing, not only in energy, but in population and needs," he stated.

In this direction, he said, OPEC was not happy with any form of subsidization for energy resources.

Fair competition

"For example, we are not happy with countries having high taxes on oil and then using that revenue from taxation to subsidize other forms of energy. If you have another source of energy, let it compete fairly with others to see which one will prevail and which one will satisfy the world's energy needs."

Asked whether OPEC would like to see crude oil prices rising higher than $70–80/b, if the economy recovered, El-Badri replied that as long as the cost of imports, goods and services for OPEC Member Countries did not become higher, then OPEC would not need a higher oil price.

"With the current conditions in the market and with countries coming back from the recession, the Organization is happy with this range. That is why we are leaving things the way they are production-wise. We do not want to rock the boat. We certainly do not want to see a double-dip recession which would negatively affect almost everyone," he affirmed.

El-Badri later made it clear in his webcast comments that OPEC did not want to have crude prices at a level whereby consumers would start to look for alternatives to the Organization's oil.

"And if the consumers reduce their activities, then the global economy will slow down again.

"However, at the same time we do not want to have a low crude price that affects future investment levels. One has to remember that this is the only income our Member Countries have, so they need a certain level of oil price.

"So, all in all, there must be a balance in the price for the producers and consumers — a level where everybody is happy," he added.

In fielding a question about the rise in oil use in some OPEC Member Countries, especially those in the Gulf region, El-Badri said this was true, their consumption was increasing, but at the same time they were expanding their oil reserves and also their export capabilities.

He expressed disappointment at the production policies of some non-OPEC producers, explaining that when, as a result of the global financial crisis, crude oil prices fell to around $30/b in late 2008, the Organization had tried talking to non-OPEC producers about helping to stabilize the market.

"But we knew from experience that we would have to go it alone, so in Algeria, we took the decision to reduce production by over 4m b/d. Up to now, no one from outside OPEC has helped contribute to that reduction and the fact is, OPEC has shouldered the whole burden by itself.

"However, we do not see non-OPEC production increasing by much in the years ahead," he added.

Questioned about OPEC's plans to improve its data quality and analysis and also its cooperation with other international organizations, El-Badri pointed out that when he took up his position with OPEC, one of his aims was to improve the level and quality of data and information disseminated to the outside world and to its Member Countries.

He said the Organization now had its *World Oil Outlook,* which was a very important document, the *Annual Statistical Bulletin* (ASB), as well as the *Monthly Oil Market Report.*

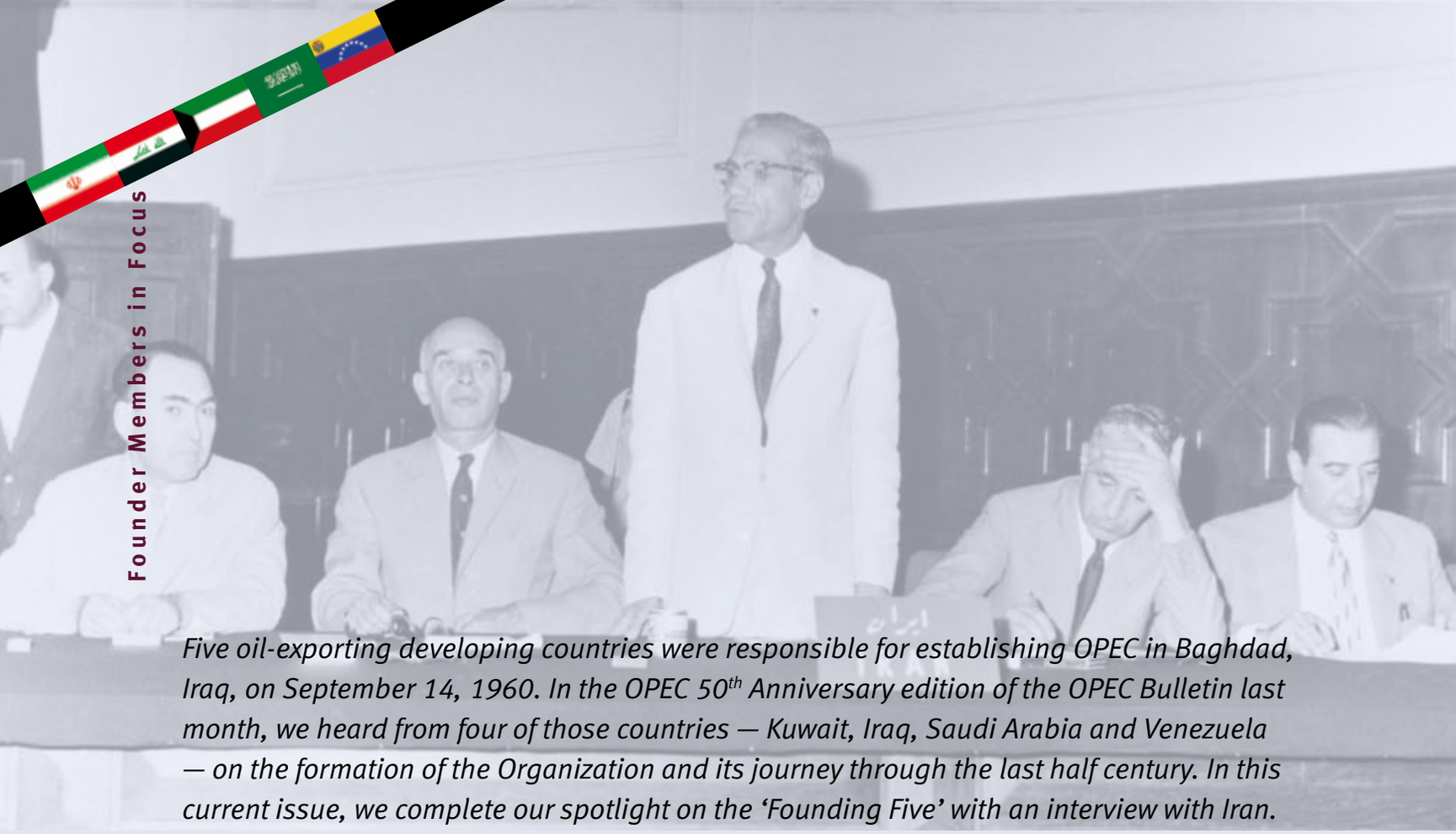
"This data we are releasing regularly is becoming an important part of the market," he said.

Concerning cooperation, El-Badri said that, in the past, OPEC did not talk to other organizations, such as the International Energy Agency (IEA). "But now we are on good terms with them. In fact, through the International Energy Forum (IEF), two meetings are planned with the IEA for this year and early next year at which we will compare notes. Our respective data is not that far apart," he said.

In the years ahead, said El-Badri. OPEC would continue to communicate with all countries and organizations.

"We talk to Moscow, we talk to China, we talk to the IEA, and we talk to the European Union. It is good to have dialogue. Let us hear each other's views and listen to the problems. Maybe then we can solve them," he stated.

Above: Members of the OPEC Management with a cake prepared for OPEC's 50th Anniversary.



Five oil-exporting developing countries were responsible for establishing OPEC in Baghdad, Iraq, on September 14, 1960. In the OPEC 50th Anniversary edition of the OPEC Bulletin last month, we heard from four of those countries — Kuwait, Iraq, Saudi Arabia and Venezuela — on the formation of the Organization and its journey through the last half century. In this current issue, we complete our spotlight on the 'Founding Five' with an interview with Iran.

OPEC: Making collective actions, bringing collective benefits

Iran has played a leading role in the Organization's transformation into a global player over the past 50 years. The country's relatively new Petroleum Minister, ***Masoud Mir-Kazemi,*** *who assumed office in 2009, while acknowledging the accomplishments made by OPEC, considers there is scope for even greater achievements in the future. He feels that the secret to OPEC's success lies in its ability to continue to nurture the prevailing sense of unity that exists among Member Countries. Collective actions for collective benefits.*


Masoud Mir-Kazemi

What was the expectation of the Founding Members of OPEC in 1960? Has it been met after 50 years?

The five oil-producing countries that formed OPEC in 1960 did so after losing patience with the bullying tactics and excessive demands of the prevailing international oil companies, known as the 'Seven Sisters'. They were frustrated at, individually, not being able to counter those companies' unilateralist approach. They decided, therefore, to organize, coordinate and collectively defend their interests. To a great extent, over the years, they have been successful in this regard.

How has OPEC advanced during the last half century and what is the viewpoint of the world on the Organization today?

OPEC seems to have gone through a relatively gradual and acceptable evolutionary process, having gained valuable experience and made achievements, as well as economic accomplishments. Despite the negative approach and adverse campaigns in certain consuming circles, OPEC has always acted as a responsible institution to stabilize the oil market. The developing consuming countries, generally, have no negative impression of OPEC.

OPEC's market management role, which is aimed at stabilizing the market, is presently recognized by various players in the oil market. Synergy and the unified approach of Member Countries, in spite of some differences on certain viewpoints, seem to be the main reason behind OPEC's success.

What is the future role of OPEC?

The energy world is a very complex one and has increased in complexity as a result of global developments. In such an environment, OPEC strives to utilize its experience and achievements in facing global challenges. It is hoped that OPEC will act logically, fairly and responsibly, while facing those challenges. In the light of the economic developments and the ups and downs of the supply and demand sectors, the market management issue seems to be an essential approach and OPEC is to play a more active role in this area. To this end, non-OPEC

countries are urged to cooperate as well. Other factors are evidently influencing the oil market, such as the same factors that pushed oil prices up to the level of $150 a barrel, despite the fact that the Organization was supplying the market with sufficient oil and there was no shortage in the market. There were also other factors that subsequently pushed prices down to $30/b, which were also not under OPEC's control. As a result, one cannot claim OPEC to be the sole market manager. OPEC has limitations in this area and the participation of all influential players is needed for full management of the market.

What interests does your country pursue specifically in its membership to OPEC?

The collective actions of OPEC translates into collective benefits for Member Countries. An evaluation of OPEC's actions leads one to conclude that it could have functioned better in defending the interests of its Member Countries, but unfortunately did not succeed for various reasons. We hope that in the future OPEC will be able to defend its Member Countries' interests more than in the past and improve its functions.

Do you believe OPEC has also benefited from your country's membership to the Organization?

OPEC exists because of its Member Countries. In addition to being a Founding Member, Iran is regarded as an active and constructive Member of the Organization. Over the past 50 years, Iran has, in addition to its individual interests, pursued the collective interests of the Organization, always attempting to enhance the influencing power of the Organization in confronting challenges and developments through synergy. Iran has also played a prominent role in strengthening the Organization's Secretariat. The first Secretary General of OPEC was Fuad Rouhani, who was from Iran, and we have always provided the Secretariat with skilled managerial and expert manpower. OPEC's credibility lies in the fact that it includes countries with a high level of reserves, major oil producers that enjoy concerted cooperation.

Do you have a personal memory of your participation in OPEC meetings?

Obviously, the first-time participation of every minister in OPEC meetings is a memory in itself.

How do you feel when your country is considered important as a Founder Member of OPEC?

I feel honoured because developing countries have proven that they can also appear influential on the global stage through a unified approach. It also shows that hardships and a limited number of fellow countries should not frustrate or disappoint us, since OPEC, at the start, was founded by five countries, but their determination resulted in others joining the Organization. The Founding Members, of course, should play a greater role in the Organization. For example, the position of Secretary General has not been at the disposal of the Founding Members in recent years, which is considered a point of weakness for the Organization. Thus, in certain cases, Founding Members are to enjoy priorities.

Conference President stresses commitment of Member Countries

OPEC's presence will always be important

Ecuador, which first joined OPEC in 1973, suspended its membership in 1992. But it was never far from the OPEC fold and in 2007 once again took up its rightful place within the Organization. The country might be OPEC's smallest producer, but its significance and stature within the group are considerable. Indeed, in 2010, OPEC's 50th Anniversary year, the country was bestowed the honour of taking up the rotating OPEC Conference Presidency. And as the country's newly appointed Minister of Non-Renewable Natural Resources, ***Wilson Pástor-Morris,*** *makes clear here, he could not be more proud of holding this position in this special year.*

Looking at OPEC, what would you say has been its major achievements in the 50 years of its existence?

During these last 50 years, the Organization has reached maturity. It has streamlined oil consumption, prolonging the life of the reserves of this non-renewable resource, and also maintained a balance in crude prices for the benefit of the producing countries and consumers. The structural changes introduced by OPEC to the global energy landscape are relevant; the controlling factor in the rates of production and trade of oil have changed, from the multinational oil companies to the producing countries, which are the rightful owners of the natural resource.

Also, OPEC Member Countries allocate part of their revenue surplus to aid programmes, either directly, or through the OPEC Fund for International Development (OFID).

In addition, OPEC also helps to reduce the technological gap through its Member Countries' research and educational institutions, which promote the creation of proprietary and clean technologies for developing countries, and prepares studies to contribute towards the mitigation of climate change.

Looking back, were there things done, decisions taken, that could have been done differently?

OPEC is a consultative institution for the countries that belong to it. It unifies their petroleum policies in a strategy that sets out to defend the interests of oil-producing nations. OPEC decisions are taken by consensus and take into account the interests of both the producers and consumers.

The Organization formulates policies that seek to secure stability of oil prices in international markets and guarantee for the oil-producing nations stable, fair and sufficient returns. Importantly, it ensures that consuming countries have an efficient, economic, orderly and regular supply of crude oil, as well as a fair return to investors in the oil industry.

These are laudable objectives which the Organization has carried out so effectively. There is, indeed, no cause for any regret.

How do you envisage OPEC's role developing in the years ahead?

Countries of the world have just been through a serious recession and OPEC has shown itself to be one of the responsible parties in the contribution it has made in helping to bring about solutions for stabilizing the global economy. Through its strategic product, the Organization's great challenge has been to contribute to a healthy equilibrium between supply and demand of crude and oil products. Through its policy decisions and actions, it has helped all parties involved to overcome the crisis and achieve long-term stability and reliability of supply and demand in what is a very complex equation.

Furthermore, all OPEC Member Countries have the commitment and challenge to explore new and better ways of conducting their business and to utilize new technologies, as well as finding alternative means of helping mitigate the climate change challenge.

These are roles that will continue to be built upon in the years ahead.

Do you have any personal reflections/anecdotes on your involvement in OPEC?

Personally, I consider it to be an honour to have the unique opportunity of presiding over the OPEC Conference during its 50th Anniversary and to be able to share and meet with my honorable colleagues and the Secretariat in this memorable year.

What have been the benefits of OPEC membership to your country?

Ecuador has gained significantly in many areas, such as attaining a better negotiating capability in formulating oil contracts, as well as getting access to the latest information and studies on technical and economic energy issues and the international oil markets.

Furthermore, we have shared and benefited from OPEC policy decisions on such issues as sovereignty, oil price stability, the constant and reliable supply of crude and oil products to the consumers, fair benefits for the producers and equitable returns to our industry's investors.

What do you say to OPEC on its 50th birthday?

In holding the Presidency of the OPEC Conference, Ecuador considers that the Organization's presence will always be important for ensuring an adequate supply of oil to the consumers. It also deems as important the unification of the petroleum policies of its Member Countries, defending the interests of those Members, fortifying dialogue between the producers and the consumers, bringing about integration between the organizations of the South, as well as consolidating the defence of smaller producers.

With all these in view, I would say to OPEC, happy birthday and there is still much more to be done.

OPEC — an instrument of change that has stood the test of time

The SP Libyan AJ, which became a Member of OPEC in 1962, just two years after its formation, was instrumental in helping guide the fledgling organization as it formulated policies governing the determination of oil pricing, as well as the defense of the legitimate sovereign rights of Member Countries. In holding several high-level government positions, ***Dr Shokri M Ghanem,*** *has long experience of his country's petroleum, economic and trade affairs, and those of OPEC (he is a former Director of the Secretariat's Research Division). In this interview, the Chairman of the Management Committee of the National Oil Corporation lists OPEC's achievements over the past 50 years and predicts that the Organization will continue to be a major force to be reckoned with in the years ahead.*

This year represents a landmark year for OPEC in celebrating its 50th Anniversary. What do you feel are the Organization's greatest achievements over this half century?

If we say the achievements of OPEC during this half century are enormous, then that would be making an understatement. On the day the Organization was created, the Venezuelan Energy Minister, Dr Juan Pablo Pérez Alfonso, said: "We are united and strong; we have just created an exclusive club." Yes, an exclusive club working not only for the interests of its Member Countries, but also for the stabilization of the international oil market.

First and foremost, OPEC was an important mechanism for the determination of oil prices which, before its creation, were decided solely by the international oil companies, mainly the 'Seven Sisters'. Just in its first decade of being, OPEC was able to make several important achievements:

The Organization put an end to the deterioration of crude oil prices; it supported its Members in their disputes with the international oil companies; it issued the very important resolution that treated royalty as an expense, rather than an advance payment and part of the income of Member Countries; and it was responsible for formulating the famous resolution that required international oil companies to follow the best oil practices in all Member Countries and avoid over-production.

OPEC was also able to eliminate the harmful competition that existed among its Members.

During its second decade of existence, OPEC took advantage of the Libyan Revolution in renegotiating crude oil prices, which resulted in its Member Countries participating in deciding the level of prices, rather than leaving this to be decided by the oil companies. This was done through the first Tripoli Agreement, the Caracas Resolution and the Second Tripoli Agreement. Also during the second decade, OPEC was able to take the power of pricing away from the oil companies to be given to the Member Countries. From October 1973, the oil contractual relationship between the major oil companies and Member Countries took on a new face in enabling Member Countries to have a broader say in the policies and practices of their oil industries. The 1970s also witnessed the advent of the national oil companies, which became an important instrument in shaping the international oil market.

During the 1980s, OPEC took more responsibility in the international oil market and became a real force to be reckoned with, working hard to balance supply and demand and ensuring enough supplies were available to meet the needs of the world. Member Countries also sought to secure sufficient demand so as to get a fair price for their product, which in turn would increase the revenue required for their economic development projects.

Since the 1990s, OPEC has directed its efforts towards cooperating with international organizations and bringing about conditions that enabled it to co-exist with the International Energy Agency. It also looked at ways and means of creating a better understanding between the oil-consuming and oil-producing countries.

OPEC's policies in recent years have also tackled the question of the environment out of the belief that producers and consumers of oil are all living on one planet and a clean planet is the common target. It has therefore been participating vigorously in all environmental meetings and is advancing the debate aimed at reducing harmful gas emissions.

At its foundation and during its formative years, OPEC had to contend with numerous detractors, many of whom predicted the Organization would not last. A half century on and they have been proved wrong. What do you consider have been OPEC's strengths and how do you feel the Organization is perceived by the world at large today?

In fact, it was a great achievement that OPEC Member Countries were able to stick together for this half century, despite the problems it has faced and despite the predicted demise of the Organization. However, it was able to stick together basically because, since its inception, Member Countries have believed that a united organization is a strong organization and therefore they were able to keep OPEC alive, even during the worst days of their differences.

OPEC Member Countries not only witnessed differences in opinion, but some of these Members went to war against each other — Iraq/Iran and Iraq/Kuwait — yet their Ministers were meeting under the umbrella of OPEC and creating an understanding for the benefit of their economies and not allowing outsiders to interfere and affect the Organization. This factor in itself could definitely be described as one of the biggest achievements of OPEC.

This year has been the cause of a double celebration with the Anniversary accompanying the opening of OPEC's new Headquarters. How important is this move and do you see it enhancing the future work of the Organization?

The celebration of OPEC's Golden Jubilee is without question an important occasion and a reason for celebration; it has now reached 50 years of age. Moving to a new building should enhance its functions and will also help create a better environment for its employees.

As a former manager at the OPEC Secretariat, together with the ministerial portfolios you have held in Libya, you have gained extensive experience of the international oil sector and the Organization. How important do you feel OPEC is, especially its actions in ensuring the welfare of the global economy?

It is now an accepted fact that OPEC is an instrument of change, a factor of stabilization and an organization that is working hard to balance supply and demand of a very important product — ensuring the continuous supply of oil and having a responsibility towards all humans, regardless of race, gender or age.

OPEC has received widespread praise for the responsible attitude it has shown in helping to restore stability to the oil market in 2010 after two very difficult years. How instrumental do you feel OPEC policy decisions have been in supporting the global economic recovery?

OPEC received this widespread praise because it has proved it is responsible, flexible and an active Organization, ready to take action, whenever the need arises. For instance, in December 2008, when there was a real glut in the oil market, a glut that threatened future security of supply and the market structure, OPEC reduced its production by more than four million barrels/day, restoring stability to the marketplace.

Further confirmation of this responsibility lies in the fact that when the price of oil went up to levels never experienced before, reaching close to $150/b, OPEC increased its production, working hard to make sure that the world recovered quickly from the economic downturn. OPEC's actions in putting more oil on the market led to crude prices falling to more than half their record levels. OPEC also increased its cooperation and dialogue with consumers as it strived to ensure a speedy recovery and the maintenance of a healthy economy.

With the global economic recession seemingly over, do you feel there will be a quick return to growth in oil demand in the next few years, or will uncertainty again prevail, with growth more likely to be gradual?

Yes, we are sure that there will be an increase in oil demand and, as a matter of fact, we are already witnessing an increase in world oil demand, in particular in China, India, Brazil and developing countries in general.

What is your feeling on global crude oil supply and demand at the moment? Is it in balance? Do you consider oil stocks are still too high?

Yes, it is my feeling that the market is well balanced and there is enough oil to satisfy the needs of the consumers as demand improves. There is also enough spare capacity to meet all the needs that could be created in the foreseeable future. But it is important that OPEC Member Countries exercise strict discipline in their output allocation so that a balanced market will always be there. We

need to avoid a glut in production that would lead to less investment and lower capacity levels that could create a shortage of supply in the future.

What do you feel is a fair and reasonable oil price range for both the producers and consumers? And how important will such a range be to supporting the investment required for securing the industry's future?

A fair and reasonable oil price is a price that ensures stability in the market, a price that will be sufficient to encourage investors to invest in more exploration and production, but, at the same time, one that will not destabilize the world economy.

We have all witnessed the destabilizing effects speculation can have on oil prices. How much influence do you think speculators are having on today's price level and do you feel any lessons have been learned in this regard after the experience of the last two years?

The fact is, speculators have become a big problem for the oil pricing system. The international oil market took a new turn when oil was left to the market to decide the price. Worse than this, oil was left to the futures market and the futures market is speculative by nature. Consequently, oil fell into the trap of the speculators. This is why we see the continuous fluctuations in oil prices — their level is not being decided by supply and demand, but by so many other factors, including geopolitics, stability of the different countries, responsible and irresponsible declarations by governments, and sensational press reporting.

All of this has fuelled speculation and led to the pricing of oil not following the logical pattern of economic behaviour, leading to almost daily fluctuations with its ensuring adverse effects on the world economy in general and the revenue of OPEC Member Countries, in particular.

Concerning OPEC's cooperation with non-OPEC producers, do you feel some producers outside the Organization take advantage of OPEC's production restraint by maximizing their output, and in so doing risk further destabilizing the oil market and the global economy in general?

It is of paramount importance that OPEC Member Countries and non-OPEC producers cooperate to ensure the stabilization of the market. Unfortunately, a number of non-OPEC countries are taking advantage of OPEC and do not cooperate with the Organization in creating a balanced market. On the contrary, some of them want to see OPEC cutting its production, so they can increase theirs, creating a situation that is destabilizing and has an adverse effect on the world economy. Yet, OPEC is trying to create an understanding that the Organization works towards a policy followed by all and one that serves all their national interests.

Libya's own oil developments look very promising. Could you enlighten us as to what is happening domestically in your country at the moment?

In the case of Libya, and since we were able to solve the pending problems between our country and the rest of the world, we have embarked on a new policy based on transparency and competition, while opening up the country to investors from all over the world to enter the field of oil exploration on the basis of new contractual relationships which we call EPSA IV, in ensuring competition through open tenders.

We treat all companies on an equal basis as long as they are qualified and there is no discrimination because of the nationality of the company. Therefore, we have dealings with almost 50 qualified companies from different parts of the world. We have companies from the United States, Europe, India and Russia who were able to get exploration rights in Libya. We are even awarding contracts to companies from mainland China and firms from Taiwan.

The policy has proven to be very effective in realizing our potential which has not been explored for the last four decades. A good number of these companies have already discovered oil and/or gas and some of them are still at the stage of drilling for petroleum resources.

Libya's oil potential is far more than its present capacity or production. In 1970, we used to produce more than 3.5m b/d, while now our production is less than half that amount. This is not because our fields are depleted, but basically because of the embargoes and sanctions we had to live through for two decades. Therefore, with the removal of these sanctions our capacity is now increasing and we are sure that we will, in the coming future, reach the levels of production we were once at.

Finally, returning to the subject of OPEC's Anniversary — do you think OPEC will still be around in 2060 to celebrate its centenary? If so, do you feel it will be a different entity, or one that is very similar in sense and purpose to the Organization we are seeing today?

OPEC was able to complete 50 years of its life against all the odds and I believe it will live to celebrate its centenary. I am sure the Organization, in the coming decades, will face a lot of challenges from within and from outside, but I am equally sure its Member Countries will overcome all the crises they may face.

Staying together is more beneficial for all and ensuring that the Organization will be here to stay for many years to come is a necessity. Although it is expected to see changes in its Membership as the years progress, the interests and focus of the Organization on such issues as prices, supply and demand and ensuring good relationships with the consuming nations will be among the Organization's most important roles.

OPEC will no doubt strengthen its role in the environment, in new technology, in new sources of energy and it will be more proactive in coordinating issues with the rest of the international organizations — working together for a common goal in an ever shrinking world.

OPEC meets in Vienna in uncertain economic climate

OPEC will hold its first Ministerial Conference for seven months at its new premises in Vienna's historic centre on October 14.

Whether this is the longest-ever gap between two Meetings of the OPEC Conference is not known. But the regular date of mid-September for the second biannual Ordinary Meeting of the year was extended by a few weeks to avoid taking place immediately after the holy month of Ramadan. It also ties in with the recent practice of holding fewer Extraordinary Meetings of the Conference.

The 157th Conference comes amid yearlong celebrations to mark OPEC's 50th Anniversary, and there will indeed be a Gala Dinner and a special concert by the Qatar Philharmonic Orchestra taking place on the same day *(see page 32)*.

Otherwise, it remains a case of 'business as usual'. OPEC is ever-mindful of the need to address the challenges facing the oil market and further afield, such as the approaching round of climate change negotiations and the ever-present concern about sustainable development and poverty eradication. Also, this will be the first Conference to be held since the accident to BP's Deepwater Horizon oil rig in the Gulf of Mexico on April 20, and the broader ramifications of this may be discussed at the meeting.

The oil market has experienced a modest degree of price stability since the 156th Conference in Vienna on March 17. The price of OPEC's Reference Basket has averaged around $75/barrel so far this year. Indeed, the weekly average price has remained within a range of $70–76/b since the beginning of June, only rising above this in the first week of August and early October. Price levels such as these appear to meet with a positive reaction from producers and consumers at a time of much economic uncertainty in the world at large.

However, the potential for a return to high price volatility remains. As recently as May, for example, the Basket price fell by 20 per cent in just over a three-week period — from $84.36/b on the third of the month to $66.84/b on the May 25.

The outlook for the approaching northern hemisphere winter remains uncertain. As the September issue of the *Monthly Oil Market Report* put it, "forecasting world economic growth in 2010 has proved to be a considerable challenge. The persisting impact of the recent global

recession, as well as the ongoing effects of the unprecedented government-led stimulus, have created a significant amount of uncertainty in forecasting GDP growth and consequently oil demand growth. This has not diminished with the release of official GDP numbers, as these have frequently been subject to significant revisions ...

"The main driver behind these revisions has been the stronger-than-expected impact of fiscal and monetary stimuli enacted by governments and central banks across the globe ... With data now available for the first half of the year, it appears that initial forecasts for world oil demand also underestimated the impact that the massive government stimulus would have on oil consumption ... Now that the current round of government stimuli appears to be winding down, demand growth in the second half of this year is likely to return to the initially projected growth levels, assuming that no further government support is forthcoming ...

"Repeated revisions to world economic growth — a key driver of oil demand — have made forecasting oil market developments in 2010 particularly difficult. This is in addition to other highly uncertain factors, such as the sectorial distribution of growth, the price of oil relative to its substitutes and weather conditions, which also impact oil consumption. As a result, the forecasts for oil demand are subject to frequent revisions. In fact, in recent years, actual demand has turned out to be lower than projected, leading to substantial downward adjustments. Taken together, these developments underscore the need for continued caution about oil demand projections in a highly uncertain economic environment."

Such uncertainty will be uppermost in their minds when Ministers review the existing production agreement, which was reached in Algeria in December 2008. This was to reduce OPEC's output ceiling by 4.2 million barrels/day from the actual level of output in September 2008, 29.045m b/d, for the 11 Member Countries that were party to its agreements. The agreement has served its purpose well. It quickly reduced volatility at a critical time for the world economy and supported price growth to the more sustainable levels we see today.

However, in reviewing the agreement and assessing the oil market outlook on October 14, the focus of attention will be more on the rate, the size and the global spread of economic recovery than on the usual seasonal factors for this time of the year, due to the exceptional conditions in the world economy.

The issue of compliance with the agreement may also feature in the discussions, after slipping back since last year. But OPEC is aware of the bigger picture. It remains forthright in its views that the achievement of market order and stability is the responsibility of all parties. It is not just a burden for OPEC alone. OPEC contends that all parties stand to gain from market stability, and therefore all parties should contribute to achieving it and maintaining it.

Oil takes a back seat as Exhibition shows the other side of OPEC

Thousands of people joined in OPEC's Golden Jubilee celebrations by attending the Organization's 50th Anniversary Exhibition in Vienna in September.

The ten-day event, which took the best part of nine months to organize, was designed to depict the other side of OPEC in showcasing the diverse cultural delights of its 12 Member Countries.

The Exhibition, officially opened by OPEC Secretary General, Abdalla Salem El-Badri, in the presence of Members of the OPEC Board of Governors and invited guests, was justifiably billed as the 'main event' of OPEC's 2010 celebratory activities and proved to be a resounding success.

"It has been an exciting ten days," commented OPEC's Research Division Director, Dr Hasan M Qabazard. "This has been an important event for the Organization … it has helped us to commemorate the founding of our Organization 50 years ago," he said in remarks bringing the Exhibition to a close.

"OPEC has always emphasized the importance of good, working relationships and dialogue, and this has been especially evident during the ten days of this Exhibition. May this establish a precedent," he pointed out.

"This has been the first event of its kind for many of us and we hope that its success and the relationships formed because of it will set the pattern for additional opportunities in the future," he added.

Pictured is Vienna's imposing Kursalon, venue of OPEC's 50th Anniversary Exhibition.

OPEC's Anniversary 'event of the year' a resounding success

OPEC Secretary General, Abdalla Salem El-Badri cutting the tape to declare the Exhibition open. On his right are OFID Director-General, Suleiman J Al-Herbish, Algeria's Ambassador to Austria, Mrs Taous Feroukhi, and Dr Elisabeth Vitouch, President, European Affairs Commission of Vienna City Council, who represented the City of Vienna. On El-Badri's left are OPEC Governor for Saudi Arabia, Dr Majid A Al-Moneef, OPEC Governor for Kuwait, Ms Siham Abdulrazzak Razzouqi, OPEC Governor for Iraq, Dr Falah J Alamri, and the Ecuadorean Ambassador to Austria, Dr Diego Stacey Moreno.

Attended by all sections of the public, the Exhibition, held at the stately Kursalon, located on the edge of Vienna's historic Stadtpark, attracted many people — from high-level dignitaries and ambassadors to tourists and students, all wishing to know more about an Organization that first made its home in the Austrian capital 45 years ago.

OPEC Member Countries had colourful displays at the Exhibition, in addition to stands by the OPEC Secretariat, the OPEC Fund for International Development (OFID) and the City of Vienna.

"This Exhibition has not been about oil. Our Member Countries have a lot of other attractions to offer the world, which this event was meant to highlight. In doing so, we hope to have helped the world understand us better," commented Qabazard.

He said many different people had visited the Exhibition — native Viennese, members of the diplomatic community, tourists, even Austrian schoolchildren, accompanied by their teachers, as well as family and friends of OPEC staff.

The event had given everyone the chance to look at Member Countries' photographs and artefacts, to dance to their music, watch their films and taste their food.

"In so doing, I hope all present were able to learn a little bit more about our Member Countries," he affirmed.

Qabazard stressed that the Exhibition had also served as an excellent opportunity "for us to come together as friends and colleagues, form new friendships and re-establish old ones."

He continued: "It has been a chance for many of us to get to know other Members of OPEC and meet representatives from countries that we do not often get a chance to visit.

"We are proud to have been able to share these friendships with the city of Vienna and its residents," he added.

The Exhibition was officially launched on September 20. Its doors were open daily from 10am to 8pm. Apart from the wealth of information available at individual stands, the undoubted highlight of the event was the live performances arranged on planned 'Member Country days'.

Ahmed Mohamed Elghaber (c), Libyan Governor for OPEC and Chairman of the OPEC Board of Governors; with Dr Oskar Wawra (r), Director, and Regina Wiala-Zimm (l), both of the Chief Executive Office of the City of Vienna.

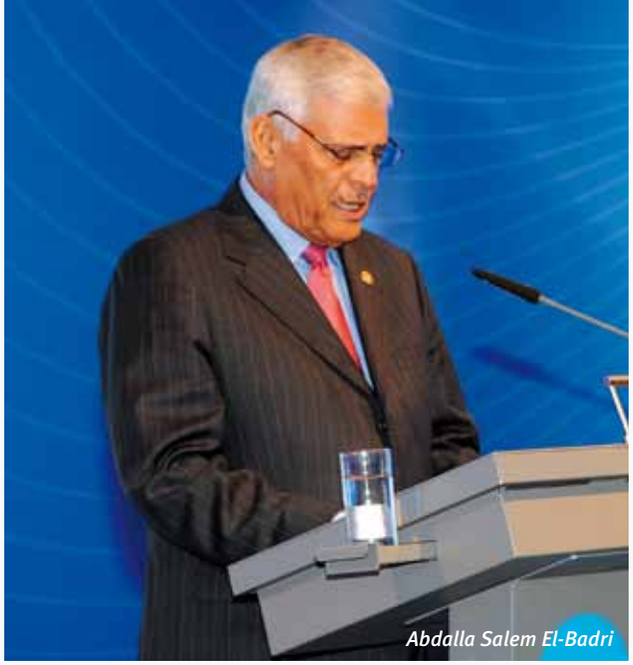
The shows, two of which were held each day, comprised musical bands, dancers and singers in traditional costume, as well as colourful fashion shows and many other artists, which all served to open a fascinating window into the cultural splendour and history of OPEC Member Countries.

And not even high winds and torrential rain, which battered the Kursalon on the sixth day of the event, could put a stop to proceedings, even though a special bodega tent, erected to host the performances, had to be hastily repaired.

In officially opening the Exhibition, El-Badri pointed out that the event effectively showcased another side of OPEC's Member Countries — their cultural, ethnic and historical richness.

"The photographs, national costumes, music and food on display will help visitors learn more about each country and I hope visitors will find the displays here both educational and enjoyable," he told assembled guests.

El-Badri's comments were echoed by special guest Dr Michael Spindelegger, Austria's Minister of Foreign


Abdalla Salem El-Badri


Dr Elisabeth Vitouch

Affairs, who said he was full of admiration for the cultural richness and diversity of the Anniversary Exhibition.

"It clearly shows the different cultural roots and styles of the distinguished OPEC family. The festival of African, Latin American and Middle Eastern art, dance, fashion, food and music which you are launching today will be a remarkable contribution to Vienna's cultural offerings and attract a wide public," he affirmed.

Others who spoke at the opening ceremony were SP Libyan AJ OPEC Governor and Chairman of the OPEC Governing Board, Ahmed M Elghaber, and Dr Elisabeth Vitouch, President, European Affairs Commission of Vienna City Council, who represented the City of Vienna.

El-Badri went on to thank all the people who were responsible for putting the Exhibition together, including Member Country Ambassadors, the staff of the OPEC Secretariat, officials in Member Countries, as well as OFID.

"Their hard work has made this Exhibition possible. I also thank you all, my dear guests, for being with us today on this very special occasion. I hope you all enjoy it."

El-Badri said he could not close the opening ceremony without recalling that 45 of OPEC's 50 years had been in the beautiful city of Vienna.

"I would like to take this opportunity to repeat our thanks and gratitude to the Government and people of the Republic of Austria and the City of Vienna for their warm and generous hospitality over the last four-and-a-half decades."

High praise for all concerned

After the dust of a hectic and thoroughly enjoyable ten days, Qabazard also had high praise for all those associated with the Exhibition.

He said he wanted to thank the OPEC Heads of Delegation, as well as the OPEC Governors, for their encouragement and support.

"We are also all grateful to the Secretary General of OPEC, Abdalla Salem El-Badri, for his support and recognize the cooperation extended to us by the Ambassadorial delegations to Vienna of each of our Member Countries."

Qabazard pointed out that the generous financial support for much of the Exhibition was provided by the National Oil Companies of some OPEC Member Countries.

"We have recognized their sponsorship in the programme but, on behalf of OPEC, I would like to also extend

Left: Eithne Treanor, moderator for the Exhibition's opening ceremony.


Dr Michael Spindelegger


Ahmed M Elghaber

Above: Angela Agoawike, Head of OPEC's PR & Information Department, who welcomed everyone to the Exhibition.

to them verbal thanks for everything they have done to make this possible," he said.

Qabazard said the idea for the Exhibition, as well as its organization, staffing and the production of the necessary materials, was the result of the untiring efforts of OPEC Secretariat staff, in particular the Public Relations and Information Department (PRID).

"Their hard work and dedication have been invaluable. Thank you," he added.

In addition, he said, the cooperation of OFID had been invaluable.

He said the Exhibition had benefitted from the overall design input of the consultants, Veech Media Architecture, as well as the helpful assistance of numerous audio-visual consultants and the friendly support of the staff of the Kursalon.

"Finally, I have to thank the City of Vienna, both officials at the Rathaus, as well as the residents of this beautiful city. Not only have they shown sincere interest in the cultural richness of our Member Countries, but they have also welcomed OPEC as part of their city for the past 45 years. We thank you for this long relationship."

During their opening remarks, the speakers also alluded to the birth of OPEC and the eventful half century of its existence.

El-Badri said that when representatives of the eventual five Founding Members — Iran, Iraq, Kuwait, Saudi Arabia and Venezuela — met in Baghdad, Iraq, on September 10–14, they had discussed the challenges of oil prices and market control by the international oil companies, known as the 'Seven Sisters'.

"They concluded with the decision to work together to achieve greater unity among oil-exporting countries — and, thus, OPEC was born."

El-Badri pointed out that many people had been involved with OPEC's development and growth. But it was appropriate to remember the five officials who led the respective delegations at the Baghdad meeting — Fuad

Below: OPEC Secretary General, Abdalla Salem El-Badri, with some of the Exhibition's high-level guests.

An OPEC 50th Anniversary stamp unveiled by Georg Pölzl, Director General of the Österreichische Post AG.

Dr Hasan M Qabazard

"It has been an exciting ten days ... this has been an important event for the Organization, it has helped us to commemorate the founding of our Organization 50 years ago."

Rouhani of Iran, Tala'at al-Shaibani of Iraq, Ahmed Sayed Omar of Kuwait, Abdullah Tariki of Saudi Arabia and Juan Pablo Pérez Alfonzo of Venezuela.

"Thanks to their vision, competence and hard work, an organization was born that could finally stand up to defend their rights," he affirmed.

El-Badri said the commitment and contribution of these and other individuals to the development and sovereignty of oil-producing countries was an important part of the history of the modern world. But their continuing legacy was the existence of OPEC.

This legacy, he said, had since grown. The original Founding Members had since been joined by seven other countries — Qatar, the SP Libyan AJ, the United Arab Emirates (UAE), Algeria, Nigeria, Ecuador and Angola.

"Together they have worked to ensure market stability and fair prices over the years. And in so doing, the Organization has challenged expectations.

"It has demonstrated that oil-producing countries can establish sovereignty over their natural resources and work toward social and economic development for the benefit of their people and the world at large," he stated.

OPEC achieves its targets

OPEC Governing Board Chairman, Elghaber, in expressing gratitude to everybody who had helped the Organization celebrate its 50th Anniversary, pointed out that OPEC was born during difficult times, and was required to handle some very big tasks.

"Over the years, OPEC has managed to achieve its targets, despite all the problems and difficulties it has had to encounter. Throughout it all, OPEC has provided an element of stability to oil prices and to steady supplies of crude oil, which has been a critical commodity for the global community," he said.

"We hope to continue in the same vein in the future. All the difficult tasks and challenges facing OPEC were met by the Organization, its Governing Board, its Economic

Below: Angela Agoawike (l) presented gifts to the Exhibition's sponsors. Here she is pictured with the Kuwaiti representative.

Commission Board and the Secretariat with its experts, who have prepared countless studies and reports. We have always came up with very workable plans," he stated.

Elghaber said that as Chairman of the Board of Governors, he would like to congratulate OPEC for "achieving these 50 years".

He added: "Advancing in age is not always a good thing, but when you grow up in such an Organization as OPEC one becomes more valuable, more resolute. We hope this will continue for another 50 years."

In his comments on OPEC, Austrian Minister Spindelegger praised the Organization for the important contribution it had made over the years to "energizing the world, in the literal sense."

He stated: "We Austrians are very proud that Vienna has been chosen as your headquarters city as early as 1965. Thus, Austria and Vienna have been privileged companions of your most memorable itinerary and offered the venue for important international meetings on a regular basis."

OPEC among the main global actors

The Minister said that since its foundation, both OPEC and the world of energy had undergone important developments.

The original mission of OPEC's five Founding Members back in 1960, which consisted mainly of creating synergies to protect the interests of the petroleum-producing countries, had since matured.

"Today, your Organization comprises 12 Members from such diverse parts of the world as the Gulf and the Middle East, Africa and Latin America, and accounts for more than three-quarters of the world's recoverable crude oil reserves and 60 per cent of the worldwide trade in oil.

"You are today truly among the main global actors that effectively work to ensure stable, transparent and predictable oil markets. This is especially important at a time of financial turmoil and economic concerns," he said.

Spindelegger said OPEC's relation to Europe was today one of genuine dialogue and cooperation.

"The European Union, following in its energy policy the three goals of sustainability, competitiveness and secure energy, has in you a trusted partner to address topical challenges, such as improving transparency of the energy markets, minimizing the risk of excessive oil price volatility, ensuring supply and demand security,

OPEC Member Country Ambassadors pictured at the opening ceremony of the Exhibition.

Also attending the opening ceremony were (above) Members of the OPEC Board of Governors, and (below) Members of OPEC's Management.

Banging the drum for OPEC ... Vienna's Drumatical Theatre and Domino Blue proved to be one of the highlights of the Exhibition's opening ceremony.

Look out for a special supplement on OPEC's 50th Anniversary Exhibition in the November 2010 issue of the OPEC Bulletin.

whilst working towards enhanced energy efficiency and addressing environmental challenges, such as improving the safety of offshore oil drilling," he said.

"As I am saying that your Organization and its Member Countries have not limited themselves to pumping out and selling oil, I would like to underline your firm commitment to spreading the benefits of energy resources in support of diversifying economic development and promoting social progress, both in helping the populations in your Member Countries, as well as those in the world's poorest communities.

"This mission has been carried forward in particular through the activities of OFID, which, since its creation in 1975, has extended financial assistance to 127 countries and cooperated over the years with hundreds of multilateral, national, non-governmental and other organizations worldwide."

The Minister said the unveiling of a special OPEC Anniversary stamp produced by the Austrian Post AG *(see page 30)* was a dignified symbol of the fruitful partnership between OPEC and Austria.

"I would like to wish you all success, pleasure and happiness in your celebrations of the 50-year Anniversary and even more success and prosperity to come in the next 50 years," he added.

Beautiful surroundings

Speaking on behalf of the Mayor of Vienna, Dr Michael Haeupl, Dr Vitouch said she was very proud that OPEC had held its Exhibition at the Kursalon, which was next to Vienna's famous Stadtpark.

She recommended that when families visited the Exhibition with their children, they also took advantage of the park and its beautiful surroundings.

Dr Vitouch pointed out that Vienna had changed a great deal since OPEC first came to the city 45 years ago. In the last few years, especially, the Austrian capital had seen many changes.

Vienna, she said, was very proud of the fact that it had just been voted as the city with the best standard of living in the world for the second year running.

"I invite you to enjoy my city and to enjoy especially the surroundings here, the park, the Kursalon, and this Exhibition of 50 years of OPEC — the best from all OPEC Member Countries," she concluded.

Below: OPEC Secretary General, Abdalla Salem El-Badri (c), pictured with members of the 'Who Am I' club of the Vienna International School.

OPEC Secretary General, Abdalla Salem El-Badri, at Algeria's stand with (l–r), Mohamed Hamel, Advisor to OPEC, Mohamed Taourit, Algerian delegate, Algeria's Ambassador to Austria, Mrs Taous Feroukhi, OPEC Governor for Algeria, Hamid Dahmani, and OPEC Governor for Libya, and Chairman of the OPEC Board of Governors, Ahmed M Elghaber.

OPEC Secretary General, Abdalla Salem El-Badri, seen visiting Angola's stand, attended by Jessyca Sebastiao Junior Isidoro.

OPEC Secretary General visits Member Countries' Exhibition stands

At Ecuador's stand, OPEC Secretary General, Abdalla Salem El-Badri, with (second r) Ecuador's Ambassador to Austria, Dr Diego Stacey Moreno, the Head of OPEC's Energy Studies, Oswaldo Tapia, and Gloria Polastri of the Ecuadorean Embassy in Vienna.

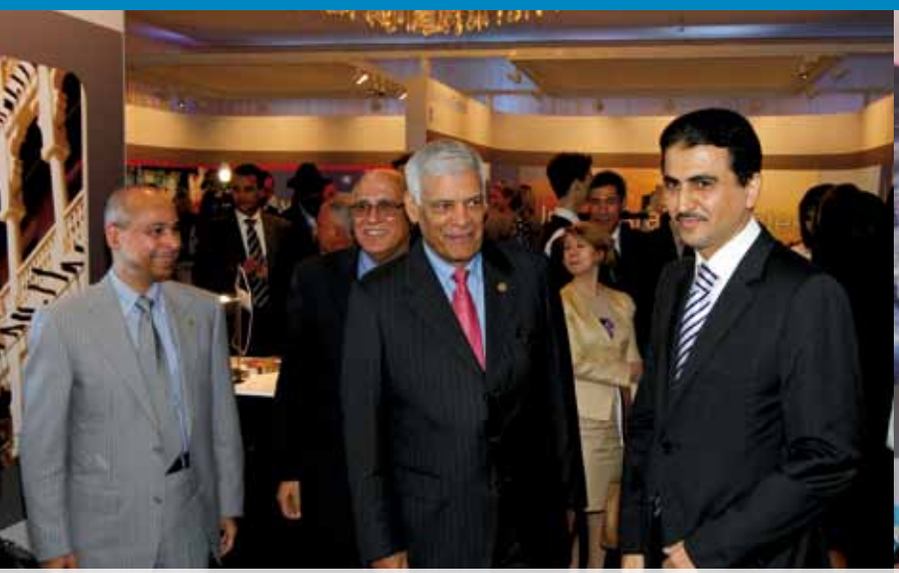
OPEC Secretary General, Abdalla Salem El-Badri, pays a visit to Iran's Exhibition stand. He is greeted by Ehsan Jenabi.

OPEC Secretary General, Abdalla Salem El-Badri, pictured at Kuwait's stand with Kuwait OPEC National Representative, Ms Nawal Al-Fuzaia, and including Mohamad Al-Shamari and Tareq A Amin, both of the Kuwait Petroleum Corporation.

OPEC Secretary General, Abdalla Salem El-Badri, seen with officials at the Libyan Exhibition stand, including father and daughter, Mufida Elghadi and Ashour Elgadi.

Joined by Ahmed M Elghaber, Libya's Governor for OPEC, OPEC Secretary General, Abdalla Salem El-Badri, visits Nigeria's stand. Also pictured are Angela Agoawike, Head of OPEC's Public Relations and Information Department, and Uzo Ejidoh.

Seen here at Iraq's stand, OPEC Secretary General, Abdalla Salem El-Badri, smiles for photographers. Also present is Mahid Al-Saigh of the OPEC Public Relations and Information Department.



OPEC Secretary General, Abdalla Salem El-Badri, seen at Qatar's Exhibition stand with, on his right, Qatar's Governor for OPEC, Issa S Al-Ghanim and, on his left, Qatar's Ambassador to Austria, Ali Khalfan Al-Mansouri.

Seen at the Saudi Arabian stand are OPEC Secretary General, Abdalla Salem El-Badri (r), with HH Prince Mansour Bin Khalid AlFarhan Al-Saud, Saudi Arabia's Ambassador to Austria.

In visiting the Exhibition stand of the United Arab Emirates (UAE), OPEC Secretary General, Abdalla Salem El-Badri, is pictured with the UAE's Governor for OPEC, Ali Obaid Al Yabhouni.

Venezuela's stand is explained by Gabriela Gonzalez. OPEC Secretary General, Abdalla Salem El-Badri, is joined by Saudi Arabia's OPEC Governor (left), Dr Majid A Al-Moneef, and Libya's Governor for OPEC, Ahmed M Elghaber (right).

Austria's Post unveils OPEC Anniversary stamp

The Austrian postal service has launched a special stamp commemorating OPEC's 50th Anniversary.

The stamp was unveiled by Georg Pölzl (above right), Director-General of the Österreichische Post AG, at the opening ceremony of the 50th Anniversary Exhibition in Vienna, in September.

In presenting the stamp to OPEC Secretary General, Abdalla Salem El-Badri (above left), at the Kursalon, Pölzl said it was a great honour for him to hand over the commemorative stamp which the Austrian Post had produced on the occasion of the 50th Anniversary of OPEC.

"For me, it is a very special moment, since, from my youth, I have had an affinity with OPEC. I actually hold a PhD degree in Petroleum Engineering, which I attained at the Mining University in Leoben, Styria, Austria," he said.

The stamp, which was designed by OPEC's Public Relations and Information Department (PRID), shows a rosette carrying the national flags of OPEC's 12 Member Countries. It has the special Anniversary logo situated in the middle of the display which carries the slogan 'Supporting Stability, Fuelling Prosperity'.

The value of the stamp is €1.40, which, as Pölzl, pointed out, was enough to allow people in Vienna to send a letter to anywhere in the world, including all OPEC Member Countries.

"I hope many of you will do just that," he added.

Lula picks up prize money for winning OPEC Anniversary logo design competition

The winner of the OPEC 50th Anniversary logo competition, Lourdes 'Lula' Pilay Garcia of Ecuador, was presented with her winning prize during the Organization's Anniversary Exhibition.

Lula's design, which was chosen from over 400 entries made from OPEC Member Countries, earned her 5,000 euros in prize money and a trip to Vienna for her and her mother to pick up the award.

At the same time, she had the chance to see her logo at work on all the Organization's publications, its stationary, and on the many souvenirs made available to celebrate OPEC's special year.

In fact, Lula would have been greeted by the sight of her winning design as soon as she touched down in the Austrian capital after her long flight from Quito. OPEC had used the designs on advertisement to mark its 50th Anniversary. These were mounted strategically along the arrival corridors at Vienna International Airport.

The logo was also the subject of sets of postage stamps released by the OPEC Secretariat and in individual Member Countries earlier in the year.

At the award ceremony, Layla Abdul-Hadi, Head of the Human Resources Section of the OPEC Finance and Human Resources Department, explained that the logo was important since before any of OPEC's 50th Anniversary celebrations could begin, the Secretariat had to come up with a suitable design that would identify the occasion.

"What we did was to conduct a competition in our Member Countries so that they would come up with something to represent our 50th Anniversary," she said.

"And one of those designs stood out among all the others. Lula managed to capture the whole spirit of this 50-year celebration that is anchored on our achievements of the past, as well as our vision for the future — supporting stability, fuelling prosperity," she noted.

"We are proud to say that this design is now being used in all our Member Countries and on the Secretariat's publications, memos, souvenirs etc," she added.

In accepting her prize, Lula said she felt very gratified at winning the award. She praised OPEC for adopting strategies and objectives that were aimed at defending the interests of Member Countries from a perspective of energy sustainability and environmental protection within the international community.

"Personally speaking, I feel very grateful for OPEC for giving me this opportunity to represent my country through my work and my production. Thank you very much," she added.

Born in Guayaquil, Ecuador in April 1981, Lula has a technical degree in graphic design from the Escuela Politecnica del Litoral, ESPOL. She has just completed her studies for a Licentiate (Bachelor's degree) in graphic design.

And she is no stranger to winning awards. She designed the winning logo for the 2009 Carnival of Guayaquil and she was judged to have the best entry for the institutional logo of RADES — the Alumni Network of Sustainable Economy.

Above: Lula and her mother at the prize giving with OPEC Secretary General, Abdalla Salem El-Badri (l), and Members of the OPEC Management.

Qatar Orchestra to mark 50 years of OPEC with Vienna concert

Nader Abbassi, music director, with the Qatar orchestra.

by Siham Alawami

The Qatar Philharmonic Orchestra will give a special performance in Vienna, Austria, on October 14, to mark OPEC's 50th Anniversary.

Under the capable baton of the orchestra's music director, Nader Abbassi, the performance, which will be held at Vienna's world-famous Konzerthaus, will be accompanied by a Gala Dinner hosted by the State of Qatar.

On the same day, OPEC is convening the 157th Ministerial Conference at its Headquarters in the Austrian capital.

Around 1,400 people are expected to attend the special one-off performance of the orchestra, including OPEC's Oil and Energy Ministers, other representatives from Member Countries, heads of diplomatic mission, energy company chief executives and other prominent figures in the oil industry.

The young and dynamic orchestra, which is based in the Qatari capital, Doha, comprises 101 musicians of 30 different nationalities.

It was established in 2008 with the objective of bringing a message of peace to the world via the union of Eastern and Western music.

The members of the orchestra, which is due to perform eight pieces during its Vienna appearance, were chosen after auditions were held in Berlin, Dortmund, Munich, Vienna, Zurich, Madrid, London, Moscow and Cairo in 2007.

The orchestra's opening performance in 2008, which was conducted by Lorin Maazel, featured the works of Beethoven, Ravel and Marcel Khalife.

The orchestra composed two pieces for the opening — an Arabian Concerto for five Arab solo instruments and a large orchestra and a Salute for Tabla and orchestra.

Playing for UNESCO

These two works also formed part of the programme presented at subsequent appearances with Lorin Maazel in Washington, Paris, London, Palermo, Milan and Lucca.

In May this year, under the baton of Amine Kouider, the orchestra was invited to play for the United Nations Educational, Scientific and Cultural Organization (UNESCO), in Paris.

It then gave a performance in Damascus, Syria, under its music director, Nader Abbassi.

During the 2009–10 season, the orchestra has given 29 performances in Doha, with such esteemed soloists as Placido Domingo and Rudolf Buchbinder and conductors like Gerd Abrecht, Dmitro Kitajenko, James Gaffigan, Marc Minkowsky, Emanuel Krevine, Emanuel Kouider and Ahmed el Saedi.

One important component of the Qatar Philharmonic Orchestra is its children's programmes. Children in Qatar have been encouraged to help in such areas as sketching designs for clothing and stage scenery.

They have also taken part in special performances, for example, of Hansel and Gretel from Humperdinck, in which children in the choir originated from some 15 different nations. A further production featured the children in the Magic Flute of Mozart.

Qatar was actually the first country to apply for OPEC Membership after the five Founding Members set up the Organization in September 1960. Qatar joined the OPEC ranks in January 1961.

In February this year, the country released a commemorative stamp to mark OPEC's 50th Anniversary celebrations. Then, in May, it hosted a forum to mark the Organization's landmark year event at the Texas A&M University.


QF

The Qatar orchestra performing with Placido Domingo in Doha.

The orchestra's children with their production of Hansel and Gretel.


QF

OPEC supports Red Nose Run in Vienna

OPEC participated in the Vienna Rote Nasen Lauf (Red Nose Run), which was held in the city's famous Prater, in September, and attracted around 5,000 visitors.

As part of the Organization's outreach programme, and during OPEC's 50th Anniversary year, the Organization's Secretariat had a tent at the start of the run, which is now an annual event, having held its first run in 2009.

The four kilometre fun run, which has games along the route, sees entire families participating. And it is not just restricted to running — one can cycle, roller skate, or just walk. After paying a small entry fee, the idea is to get sponsorship for every kilometre completed.

As one of the official sponsors of the event, OPEC, at its tent, offered refreshments and gave out Anniversary souvenirs, such as t-shirts caps among other gifts. It also used the opportunity to inform people about its Golden Jubilee Exhibition, due to open the following week.

Also on hand were demonstrations of balloon-making, as well as the art of 'diavalo', which involves balancing spinning plates on a stick. Both proved very popular.

The fun run, which was officially opened by Austria's Family State Secretary, Christine Marek, together with Vienna City's Sport Councillor, Christian Oxonitsch, attracted many prominent figures from politics, sport, entertainment, music and the media.

Official figures show that some 2,500 runners completed 24,000 km, which, in cash, will mean valuable support for the city's hospital programmes.

Organization of the Petroleum Exporting Countries

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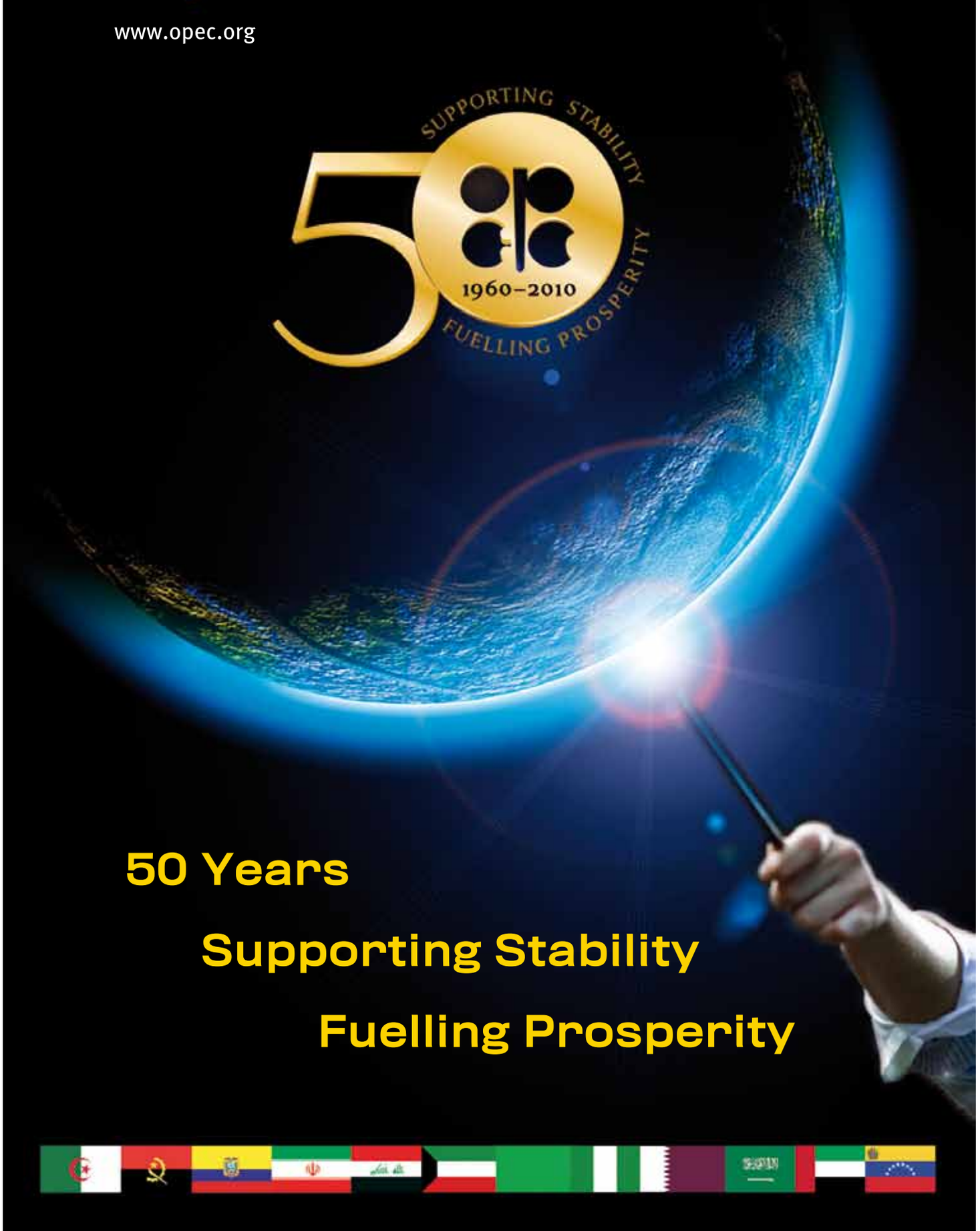


50 Years

Supporting Stability

Fuelling Prosperity

OPEC a "fundamental player" in global oil market

Energy mix not expected to change in short term —

Italian-headquartered integrated energy company Eni is active in 77 countries and has more than 78,000 employees. It focuses on oil and gas exploration, production, transportation, transformation and marketing. The OPEC Bulletin's Steve Hughes caught up with Claudio Descalzi (pictured below), Chief Operating Officer of Eni Exploration & Production, for his views on the state of the energy industry today.

Oil prices have recently been trading in a more stable range. How important is this relative stability for the oil industry?

In recent years, we have suffered from boom/bust cycles. This has meant enormous difficulties when managing our business.

While low prices reduce investments, due to insufficient returns, rapid peaks also impact negatively on growth. During recent years, with prices almost beating new records on a monthly basis, the capability to grow the upstream industry was slowed down by unprecedented cost inflation, in particular regarding drilling and construction. This reduced value and created bottlenecks along the chain. Our industry is more concerned by the unpredictability and stability of oil prices than their peaks or lows.

Stability of prices is one of the most important factors in planning and executing new projects. A stable scenario helps in negotiating new contracts (aligning the expectations among parties), in sanctioning projects with more accuracy and in planning companies' financial needs and income.

The global economic outlook still appears uncertain. What are your hopes and fears for the months and years ahead in this respect?

In the last couple of decades, we have witnessed the impressive growth of primary energy demand, mainly driven by the emerging Asian economies. It is true that, in 2009, this demand has dropped, due to the financial crisis, but consumption is expected to rebound in the future, in line with the economic recovery. Of course, this recovery is at an early

stage and its size, its shape and its sustainability are still uncertain, but we are quite sure that, in the foreseeable future, it will be sustained by fossil fuels.

The resuming growth in oil and gas demand will bring along new challenges to an industry that has already to add about eight million barrels/day of oil equivalent of new production every year, just to face the depletion of existing fields and maintain the present level of output.

In fact, the industry was hardly able to keep up with the pace of growing demand in the last decade and the fear of supply side constraints emerged before the crisis; those fears could surface again in the future.

In the short to medium term, the issue is not that of discovering new resources, but in the timely and efficient transformation of resources into reserves and production. During the last years, major oil companies were able to discover billions of barrels of new resources, but only a few major projects were sanctioned. The sector will have to radically improve its effectiveness and efficiency. Competencies and technologies must be at the centre of our strategies if we want to overcome future challenges.

The recent BP oil disaster in the Gulf of Mexico will obviously have repercussions for the oil industry in general. What are some of the changes we are likely to see as a result?

I believe that the Macondo incident will have two main consequences: one will be imposed by external regulators; the other will come from within the companies. Externally we will face more stringent regulations and control, drilling and operational procedures will become more demanding and minimum standards will be raised. Access to deep and ultra-deep offshore resources could become limited to a few operators with sufficient financial and technical capabilities.

Internally, the accident will encourage an inversion of the outsourcing trend the industry has been experiencing in the last few decades. Major companies have passed through years of severe outsourcing and downsizing. All the efforts were focused in re-designing the boundaries of 'core competencies', favouring the expansion of the activity performed by contractors. This policy was posing a threat to performance and, in the end, to the long-term sustainability of business.

An oil company is neither a mere financial investor, nor a service provider. It is responsible for the discovery and development of new hydrocarbon sources and for the continuous expansion of the related technologies.

The events that occurred in the Gulf of Mexico could stimulate oil companies to review their policy and re-start the insourcing of core competencies — in particular, with respect to geology, reservoir management, well design and maintenance. These are the main skills that quantify the risk and the success of the upstream and cannot be left to contractors.

In Eni, we have always understood the importance of maintaining and developing internal capabilities in those fields to protect our investment from risks and to ensure full control of our operations.

What do you expect the energy mix to look like in 10 years' time?

There is a consensus that fossil fuels will keep the lion's share in the next 20 years. Renewables, such as wind and solar, as well as nuclear power, will certainly see their relative share increase, but still they will be able to cover only a smaller part of energy demand in the near future.

In the short-term, we cannot see real technological breakthroughs capable of significantly changing the energy mix, and therefore fossil fuels will have to sustain the transition to cleaner and renewable sources of energy.

In the longer term, we believe that advanced solar is the most promising energy source and this is the reason why, at Eni, we have decided to create, jointly with the MIT, the Solar Frontiers Centre (SFC), a centre dedicated to the research and development of solar energy.

In the meantime, the most attractive alternative source of energy is energy efficiency.

What are your views on carbon capture and storage? What potential does this technology offer?

Climate change is at the top of the global agenda and the containment of CO_2 emissions is one of the top priorities in a scenario where, as we have seen, fossil fuels will supply most of the energy required by present and future growth.

Carbon capture and storage (CCS) can contribute to the mitigation, in the medium to long term, of the negative impact of fossil fuels by contributing to the containment of CO_2 emissions. At the same time, it can enhance the recovery of hydrocarbons from reservoirs.

The technology is at an early stage and the economic and technical viability of its deployment on a large scale has still to be assessed. Eni has the technical capabilities along the whole CCS chain and is involved in research and development, feasibility studies and pilot projects that will help identify the full potential of this technological option.

This year is OPEC's 50th Anniversary. What do you consider to be the Organization's major achievements since its foundation?

I believe that the main role of OPEC is to smooth and stabilize the oil market, trying to manage the cycles related to the demand trends. It is therefore a fundamental player, helping investors by reducing price volatility.

Moreover, OPEC has been able to highlight the needs and expectations of producing countries and to introduce the concept of security of demand in the global market, helping the producer-consumer dialogue.

Ecuador: keeping the oil in the soil

Ecuador is making some headway with its plan to conserve for all time an area of natural beauty and diversity in exchange for half the cost of developing the oil reserves that are contained within it.

Chile is believed to be the first country willing to contribute $100,000 to a special fund that will keep the Yasuni National Park free of oil excavation in the future. Germany and Spain are also said to be interested in signing up.

The Ecuadorean government is appealing for international donors, including countries, institutions, and individuals, to contribute a total of $3.6 billion to the special fund, in return for which the country would guarantee never to exploit the 850 million or so barrels of oil said to be present in the ground there.

The contributions would be used for conservation and reforestation efforts and to fund poverty reduction programmes in the Amazon region. According to the government, the funds would also help improve fuel efficiency and support the development of alternative energy sources.

The $3.6bn target, according to the country's President, Rafael Correa, was half of what Ecuador would receive in revenue if it went ahead with the exploitation of the crude resources in question, which are contained in a 200,000 hectare section of the 982,000 hectare park.

The project, first announced in 2007, is seen as a novel way of helping to promote conservation and preserving the environment. Government officials have estimated that by not exploiting the area's oil resources, some 400 million tonnes of carbon dioxide would be kept from entering the atmosphere.

The Yasuni National Park is one of the most biodiverse places on the planet. Scientists have said that within one hectare of Yasuní land, over 640 different species of trees have been identified. In addition, there were as many different species in the same hectare of Yasuní as there were in the whole of North America.

The United Nations Educational, Scientific and Cultural Organization (UNESCO) has declared Yasuni a world biosphere reserve.

The Ecuadorean government plans to issue binding certificates to those investing in the scheme, guaranteeing that the oil reserves will never be exploited. In the event any new government changed its stance on the development, the monies would be returned to the investors.

Ecuadorean officials have spent September flying around the world trying to garner financial support for the scheme.

The initiative applies to what is known as the ITT section of the park, comprising the three fields of Ishpingo, Tambococha and Tiputini. Other areas of the giant park are already the subject of drilling operations for petroleum resources.

Ecuador, which resumed its Membership of OPEC in 2007, after suspending it in 1992 (it initially joined the Organization in 1973), has said that if it failed to have $100m in place by the end of next year, it would consider scrapping the plan. The overall goal was to collect the full $3.6bn by 2024.


Reuters

Ecuador's President, Rafael Correa.

The fund will be administered by the United Nations Development Programme (UNDP), which is encouraging such conservation initiatives, especially with regard to oil drilling.


Reuters

Right: A Quechua Indian woman carries a child near the Tiputini River at the Yasuni National Park.

Iran makes first export shipment of gasoline

After many years of dependency on gasoline imports, Iran has turned the industry around domestically and recently made its very first overseas sale of the product.

According to Ali Asghar Arshi, Manager of International Affairs at the National Iranian Oil Company, the first shipment of gasoline had been exported.

He was quoted by the Petroleum Ministry's website, *SHANA*, as saying that by producing gasoline in some of the country's petrochemical complexes, Iran had become self-sufficient in the product and would soon make more exports.

A shortage of domestic refining capacity meant that Iran previously had to import its gasoline requirements.

SHANA said in late July that Iran's domestic gasoline consumption stood at 63 million litres a day, while its output amounted to 45m l. That shortfall had now been bridged through an emergency plan.

International sanctions "foiled"

Iran's Petroleum Minister, Masoud Mir-Kazemi, announced recently that his country had raised its gasoline output to attain self-sufficiency of the strategic product. In so doing it had "foiled" international sanctions placed on the country that targeted its energy needs.

"We have attained daily domestic production of 66.5 million litres of petrol at our refineries," the Minister said. The country previously used to produce 44m l of the fuel a day, which necessitated the import of 20m l of gasoline daily to meet is domestic needs.

Speaking on the sidelines of Iran's annual International Oil Exhibition in Tehran, Mir-Kazemi stressed that the presence of several foreign companies at the event, despite talk of restrictions by Western countries, showed that the sanctions and restrictions placed on the country were ineffective.

His comments were echoed by Seyed Mohammad Ali Khatibi Tabatabai, both his country's Governor and National Representative to OPEC, who told reporters: "Sanctions have not created any obstacles for the country in gasoline supplies."

It was made clear that Iran had stopped placing orders for gasoline deliveries from abroad after having increased its domestic production. Output capacity for the fuel in six of the country's petrochemical complexes had been boosted to 19m l/day.


Reuters

This production was currently being transferred to the nation's oil refineries and converted into high-octane gasoline.

The massive increase in its refining capability over the past two months had meant that the country no longer needed to import of the 20m l of its 64m l domestic daily consumption.

Gasoline production projects were already underway at the country's Shazand, Ababdan and Tehran refineries and the Government was aiming to boost its production capacity further by the end if the current Iranian year (ends March 20, 2011).

Nigeria to seek higher production allocation

Diezani Alison-Madueke, Nigeria's Minister of Petroleum Resources.

Nigeria is hopeful that its oil production allocation within OPEC will be reviewed and increased when the Organization meets for its end-of-year Conference in December.

The country's Minister of Petroleum Resources, Diezani Alison-Madueke, was quoted as saying that she hoped to get an improvement on the existing output allocation of 1.673m b/d. OPEC's overall production ceiling, not including Iraq which is exempt, currently stands at 24.84m b/d.

Speaking to reporters at a Houston energy conference, the Minister, who was appointed to the position earlier this year, said Nigeria's allocation would likely be looked at in the context of oil production throughout all 11 OPEC Member Countries that were subject to quotas.

She said there was justification for the increase since her country was now able to produce more crude oil following the end of militant attacks in the Niger Delta, the country's oil-producing region. For years, production was affected by the hostilities. Things had improved since an amnesty was declared in the area last year.

"I am sure we will be able to work out the issue of a quota with them," the Minister said.

Ms Alison-Madueke also said she expected Nigeria's natural gas operations to expand, following the introduction of the new Petroleum Industry Bill (PIB) scheduled for later this year. She said the Nigerian National Assembly should pass the PIB within two months. "I am hoping it will be even sooner than that."

Important gas producer

The Minister pointed out that over the next few years, Nigeria would make the transition to a gas-producing country, as opposed to a crude-producing nation, "since we have a lot more gas reserves than we have crude."

According to the latest OPEC Annual Statistical Bulletin (ASB), Nigeria possesses over 37 billion barrels of crude oil reserves, while its gas deposits amount to 5.3 trillion cubic metres.

Ms Allison-Madueke, who delivered the keynote address at the Baker Institute conference, said the ultimate goal was to increase domestic natural gas production to 15bn cubic feet/day by 2017 and to eliminate gas flaring. An estimated 1.5bn cu ft of gas per day, produced in association with crude oil, was currently flared.

Such a development, she said, would give enough gas for the Bonny LNG export scheme, the planned Brass LNG project and the domestic gas master plan.

The Minister said the idea was to use that gas in the country's electricity-generating plants, as well as people's homes. This was one of the provisions of the PIB.

Development of natural gas infrastructure would also provide jobs for the country's young people, as well as improving the environment.

The Minister told reporters that incentives would have to be provided to private-sector firms to provide the investments needed to construct a national gas network. Those incentives would be offered under favourable conditions that would also allow smaller companies to take part.

Kuwait to build four nuclear reactors

Kuwait is planning to build four nuclear reactors, each with a capacity of 1,000 megawatts, by 2022.

Ahmad Bishara, Secretary General of the country's National Nuclear Energy Committee, was quoted by the Kuwait News Agency as saying that the country was already discussing with international partners suitable options for producing nuclear energy over the next two decades.

General nuclear plan

He pointed out that several proposals to develop Kuwait's nuclear capability were being mulled over and a general plan would be issued in January next year.

Bishara, who has signed a cooperation agreement with Japan to expand nuclear capacity, noted that studies had shown that nuclear energy was viable as long as crude oil prices remained above $45–50/barrel. Kuwait also signed a nuclear cooperation agreement with France in April.

The official pointed out that demand for electricity in Kuwait was forecast to grow by seven per cent annually.

The nuclear option is another way that the fast-growing OPEC Member Country is making sure that its energy needs for the years ahead are adequately covered.

It is already looking to boost its oil output capacity to 4 million b/d by 2020 and its gas production to 4 billion cubic feet/day by 2030.

Saudi energy consumption "rising too fast"

Saudi Arabia's domestic consumption of oil and gas has expanded by an average of almost six per cent over the past five years.

"This is a high growth percentage compared with demographic growth and the Kingdom's gross domestic product (GDP)," commented Central Bank Governor, Mohammed Al-Jasser.

Quoted by the Saudi Press Agency (SPA), he said the high rate gave cause for concern, adding that research was required as to why the Kingdom's oil and gas consumption was rising at such high rates. "There is a need to work to rationalize it," he stated.

Population growth in Saudi Arabia is gauged at around 1.8 per cent annually, while GDP, which grew by 0.9 per cent last year, is forecast to rise by 3.7 per cent in 2010.

Economic development

In a speech delivered in the presence of King Abdullah to mark the release of the Bank's 2009 Annual Report, Al-Jasser said the responsible use of the Kingdom's resources, particularly oil and gas, was among the most important elements of economic development in Saudi Arabia. He listed two other domestic challenges as requiring attention as being the need to create more jobs and provide more housing.

The International Energy Agency (IEA) has forecast that domestic demand for oil in Saudi Arabia this year would be second only to China, in terms of annual growth.

According to Saudi Arabia's ninth Development Plan (2010–14), primary energy demand is expected to expand by 6.5 per cent a year to reach 4m b/d of oil equivalent in 2014.

And the national oil company, Saudi Aramco has issued statistics saying that oil and gas demand could reach 8.3m b/d of oil equivalent by 2028 if current domestic consumption patterns continue.

In addition, reports show that demand for electricity in Saudi Arabia has been rising by eight per cent a year, while the development of the Kingdom's petrochemical operations has boosted demand for gas, which is used as a feedstock.

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

These pages are dedicated to capturing those visits in pictures.

Ambassador Sabas Pretelt de la Vega, United National World Food Programme (NWFP) Executive Board President, visited Abdalla Salem El-Badri, OPEC Secretary General, on August 23, 2010.

Ambassador Patricia Espinosa Cantellano, Minister of Foreign Affairs of Mexico, visited Abdalla Salem El-Badri, OPEC Secretary General, on September 1, 2010.

Charles Hendry, UK Energy Minister, visited Abdalla Salem El-Badri, OPEC Secretary General, on September 19, 2010.

Noé van Hulst, IEF Secretary General, visited Abdalla Salem El-Badri, OPEC Secretary General, on September 29, 2010.

Dr Elena Kirtcheva, Ambassador and Secretary General of the Vienna Economic Forum, visited Abdalla Salem El-Badri, OPEC Secretary General, on October 5, 2010.

Seyed M Akhondzadeh, Deputy Minister of Foreign Affairs of IR Iran, visited Abdalla Salem El-Badri, OPEC Secretary General, on September 22, 2010.

OFID Governing Board approves $114 million in new financing

Rana Wintersteiner/OFID

Above (l–r): OFID officials Said Aissi, Assistant Director-General, Operations; Suleiman J Al-Herbish, Director-General; Jamal Nasser Lootah, Board Chairman; Saeid Niazi, Assistant Director-General, Finance.

The OPEC Fund for International Development (OFID), which enjoyed a record year of lending in 2009 as other institutions grappled with the effects of the global recession, is continuing its efforts to help poorer countries recover from the economic crisis.

OFID's Governing Board, which convened its 132nd Session at the Fund's Vienna Headquarters in September, approved $114 million in fresh financing.

The funds will support six projects in various countries in Africa, Asia and Latin America.

Energy and water projects represent most of the financing, with the remaining covering the agriculture sector.

Commenting on the loans, Suleiman J Al-Herbish, OFID Director-General, stressed that OFID continued to channel vital resources to low-income countries as they struggled to recover from the global economic crisis.

"Such support is essential if national development programmes are to remain on track, especially as official aid flows remain weak," he said.

Al-Herbish pointed out that OFID's increased focus on energy poverty alleviation would remain a priority of the institution's activities.

The six public sector loans comprise a $40m loan to Egypt for the Banha power plant. The scheme entails constructing a 750 megawatt power plant in the city of


Rana Winterstetter/OFID

Jamal Nasser Lootah, Chairman of the OFID Governing Board.

Banha, which will help ensure that households and businesses receive an adequate and reliable source of electricity. This, in turn, will help raise living standards and personal incomes.

Project support

Sierra Leone is to benefit from a $19m loan for its 'Three Towns' water supply and sanitation project. The scheme aims to boost living standards in Bo, Kenema and Makeni towns, which have a total population of 500,000, with fewer than five per cent of the people having access to safe water supplies.

China will receive a loan of $18m for the Bayin River management scheme. The project is designed to prevent the frequent flooding that occurs in Delingha City, regularly placing the lives of the 71,000-strong population at risk, as well as threatening vital infrastructure.

Guatemala's $15m loan will be used for a sustainable rural development project in the country's Quiche region. The scheme will improve living conditions of the rural and indigenous populations in 20 municipalities in the region, an impoverished area populated by around 900,000.

Cambodia will benefit from a $12m loan for its water resource management sector development. Specifically, the monies will be used to rehabilitate some 15,000 hectares of irrigation schemes in the Tonle Sap basin, as well as enhance the technical skills and livelihood opportunities for farmers. The overall aim is to help boost food security and household incomes.

Tanzania is to get a $10m loan for its Geita district rural electrification scheme. The project involves connecting 15 rural villages in Geita town with electricity, thereby enhancing both living conditions and the livelihoods of the population.

The power projects in Egypt and Tanzania represent part of OFID's drive to alleviate energy poverty, a goal which will form the central pillar of the Fund's lending programme over the next three years.

In addition to the loans, the OFID Governing Board approved four grants totaling $5.35m.

The largest grant, for $2.7m, will help finance the second phase of a programme that will provide assistance to 30 Palestinian non-governmental organizations (NGOs).

Additionally, a $2m grant will further an OFID/United Nations Office on Drugs and Crime (UNODC) project entitled Response to social and livelihood needs for HIV/AIDS prevention among drug users in East Africa.

Both these large grants will be drawn from the special accounts set up by OFID in recent years to tackle specific urgent needs — HIV/AIDS and the plight of Palestinian refugees.

OFID's HIV/AIDS Account was launched in June 2001, with an initial endowment of $15m, following authorization from the Ministerial Council, OFID's highest policy-making body. Subsequent replenishments have boosted the Account to $80m.

The Ministerial Council also decided in 2002 to establish a Special Grant Account for Palestine with an initial endowment of $10m.

Subsequent replenishments have boosted the account, which is a special initiative designed to address the needs of the Palestinian population in the West Bank and Gaza Strip and accelerate the delivery of social and economic assistance, to $90m.

Of the smaller OFID grants approved, $350,000 will be extended to the International University of Africa in Khartoum, the Sudan, to co-finance the construction of an on-campus hostel for female students.

And a grant of $300,000 will support a scheme of the Austrian NGO, Hilfswerk International, that will offer technical and vocational training for disadvantaged groups in rural areas of the Khatlon region of Tajikistan.

Since its inception, OFID has provided over $12.2bn in much-needed concessional development financing to 127 developing countries around the world, with priority given to the poorest amongst them.

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

Crude oil price movements

During the month of August, the OPEC Reference Basket moved between $70/barrel and almost $80/b. Driven by bullish sentiment in the oil market, the Basket started a three-month high of around $79/b, before declining to stand below $70/b on August 24 after market sentiment deteriorated.

However, the Basket showed some recovery in the last week of the month to move above $72/b and average $74.15/b for the month under review, up by $1.64/b, or 2.3 per cent, from July and $2.8 higher than a year ago.

All Basket components strengthened in August. Iran Heavy and Qatar Marine led the gains with three per cent and 2.7 per cent, respectively, higher than the average, followed by African grades and other Middle Eastern crudes.

Despite the general increase over the previous month, the Basket components displayed different trends within the month.

The Middle East crude market started the month strong before weakening on the back of ample supply and poor demand for sour crude in Asia.

The weakness in Asian demand was exacerbated by the closure of China's Dalian port after a pipeline explosion and disruption in the Formosa petrochemical refinery in Taiwan.

West African crudes started the month strong, supported by a surge in Indian purchases before they weakened on the back of accumulated supplies, particularly of Nigerian crude.

North African grades – Algerian and Libyan – were well supported at the beginning of the month before they weakened amid reduced buying from European refiners in anticipation of autumn refinery maintenance. Both West and North African crudes got some support at the end of the month.

The Latin American crude Oriente showed the smallest gain of 55¢, or less than one per cent, because of low demand for heavy crude in the US.

On the Nymex, the WTI front-month contract averaged $76.67/b in August, up by 28¢, or 0.4 per cent, from the previous month.

ICE Brent crude oil futures followed the same trend as Nymex WTI, but showed a higher gain of $1.76/b, or 2.3 per cent, to average $77.12/b.

Commodity markets

Looking at trends in selected commodity markets, the OPEC report stated that the World Bank energy commodity price index showed some recovery on a monthly basis in August, compared with July, despite macroeconomic uncertainties that brought volatility to the markets.

Non-energy commodities went up by 4.6 per cent month-on-month in August, compared with 5.6 per cent per cent in July, sustained by food and industrial metals.

Grain prices remained at high levels, fuelled by the impact of adverse weather conditions in Eastern Europe, Canada and more recently Pakistan. Government intervention in the grain markets, such as the announcement by Russia in late August of the extension of its grain exports, also exerted pressure.

Cotton prices were boosted by the supply tightness in the near term and buoyant demand from Asia.

Industrial metal prices reported substantial but volatile growth in August on a monthly basis, despite the inflow of negative macroeconomic data from the US in the second week of August, which has been associated with supportive fundamentals, but conditions in these markets are still very fragile and dependent on the expectations of growth in the US and China.

The World Bank energy commodity price index increased by 1.1 per cent m-o-m in August, compared with minus 0.3 per cent m-o-m in July.

Through August, the price trends in commodity markets were diverse and closely linked to macroeconomic data. Softer-than-expected

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

US macroeconomic data in August resulted in a revival of concern about the possibility of a double-dip recession that exerted pressure on crude oil and very volatile industrial metal prices.

The World Bank energy commodity index (crude oil, natural gas and coal) went up by 1.1 per cent m-o-m in August, compared with a 0.3 per cent drop in July, mainly due to a further decline in coal prices and Henry Hub natural gas prices, while WTI remained flat.

HH gas plummeted by seven per cent in August m-o-m, compared with a 3.6 per cent fall in July, which reflected poor fundamentals on both the supply and demand sides.

The World Bank non-fuel commodity price index rose 4.6 per cent m-o-m in August, compared with 5.6 per cent the previous month, on the back of food prices, mainly grains and cotton, as well as industrial metals.

The World Bank industrial metal price index surged by 8.5 per cent m-o-m in August, compared with 3.5 per cent in July, with most of the components having reported considerable gains.

Copper prices rose by 8.1 per cent m-o-m in August, compared with 3.6 per cent in July, as stocks at the LME kept declining, although at a moderate pace in August, compared with the previous month.

Nickel prices jumped by 9.7 per cent m-o-m in August, supported mainly by inventory draws at the LME, which fell by 1.5 per cent in August m-o-m to 117,334 tonnes.

Tin prices jumped by 14.1 per cent m-o-m in August, prompted by the large draw in stocks at the LME. These declined by 10.1 per cent in August to 14,350 t.

Gold prices gained 1.9 per cent m-o-m in August, reversing the negative trend seen in July, driven by concerns about the pace of the economic recovery, as well as low interest rates and Exchange Traded Fund (ETF) activity.

Highlights of the world economy

In looking at developments in the global economy, the OPEC report said the US economy entered a critical stage at a time when growth is slowing, due to potentially abating effects from the government-led stimulus that is coming to an end soon and because of a still very challenging level of unemployment, which might continue to put a break on the level of consumption.

The slowing pace of the recovery can be easily noticed when analyzing the growth rates of the previous quarters. While growth was at a level of five per cent in the fourth quarter of 2009, it was at 3.7 per cent in the first three months of this year.

The second quarter of 2010 was initially estimated at 2.4 per cent, only to be revised down to 1.6 per cent. Expectations are that it might be revised down further.

Consumption is holding up and still supported by the fiscal and monetary stimulus, contributing 1.4 points to the 1.6 per cent growth seen in the second quarter.

Retail sales, which constitute the major portion of consumption, were not as encouraging in July. They grew by only 0.4 per cent m-o-m and, excluding auto sales, growth was at only 0.2 per cent. Poor retail sales were accompanied by a weak consumer price index, which grew by only 0.3 per cent m-o-m, after a 0.1 per cent decline. The August level is also expected to be only slightly positive. Core CPI even grew by only 0.1 per cent.

"These are still dangerously low levels and while price levels have not yet touched permanently negative areas, the threat of deflation has not gone away entirely. This, combined with a labour market that is still fragile, might not seem to be a very substantial base for the coming quarters," the report said.

The US unemployment rate moved up from 9.5 per cent in June to 9.6 per cent in July. Weekly jobless claims are hardly improving and even touched the level of 504,000 in the third week of August, almost stagnant since the fourth quarter of 2009.

The fragile state of the US economy was highlighted by the Chairman of the Federal Reserve Board. The clear message was that the Fed will act if the economic situation starts to deteriorate again, but that it does not consider this to be the case now.

Activity in the US manufacturing sector has picked up again, according to the Institute for Supply Management (ISM) index for manufacturing. This can be considered a positive development and is much better than previously expected.

The ISM manufacturing index improved to 56.3 and remains comfortably above 50. Furthermore, August shows the highest level since June this year.

More worrying is the fact that the ISM for the services sector – which accounts for around 80 per cent of US GDP – is in decline and going back to levels only slightly above 50. It stood at 51.5 in August, a significant decline from the July level of 54.3.

A report by the Congressional Budget Office (CBO) estimated that the fiscal stimulus that was enacted by the current administration at the beginning of 2009 was responsible for as much as 4.5 per cent growth contribution in the second quarter and identified the stimulus as a key contributor for keeping unemployment below ten per cent.

According to the CBO, the stimulus also reduced the unemployment rate by between 0.7 and 1.8 percentage points during the same quarter.

"The fragile state of the US economy was highlighted by the Chairman of the Federal Reserve Board. The clear message was that the Fed will act if the economic situation starts to deteriorate again."

"Considering the above challenges, the fading impact of the fiscal stimulus package and the current limits to monetary support in an economy that is being characterized by deleveraging, growth for 2010 now is expected to stand at 2.6 per cent and at 2.3 per cent for

2011. This compares with 2.8 per cent and 2.5 per cent, respectively, in the previous OPEC report," the OPEC report stated.

In Japan, following the sharp decline of minus 16.6 per cent in quarterly annualized growth in the first three months of 2009, the economy managed to rebound, but still experienced negative growth in the third quarter of last year and ended 2009 with a minus 5.2 per cent yearly decline.

Economic activity in the first quarter of 2010 grew by an impressive 4.4 per cent, only to recently disappoint expectations of second quarter growth, which was recorded at only 0.4 per cent.

Expectations for growth in the second half of this year have been widely lowered. The Japanese economy is expected to see some growth, but only on a minor scale. A repetition of anything like the first quarter growth level should be considered a surprise at a time when export growth is decelerating and domestic demand is likely to suffer from the diminishing effects of the fiscal stimulus.

Exports have been a major force for Japan's recovery and experienced strong momentum in the recent quarter. This dynamic seems to slow as the growth level of exports declined for a fifth consecutive month. This development corresponds to the strong increase of the yen to a 15-year high.

"Japanese car sales in August will again boost household spending, probably for the last time this year as the stimulus ends."

The country's exports advanced by 23.5 per cent y-o-y in July, compared with 27.7 per cent the previous month, according to the Finance Ministry.

Imports declined to 15.7 per cent y-o-y in July, compared with the previous month's 26.1 per cent, but a big portion of this decline was attributable to lower prices of landed crude oil, which was 4.6 per cent lower in July.

On a seasonally-adjusted monthly base, exports and imports were down by 1.4 per cent and 3.5 per cent, respectively. This was the third consecutive monthly decline in exports.

Exports to Asia grew at a rate of 23.8 per cent y-o-y, slowing from 31.6 per cent in June. Exports to the US rose by 25.9 per cent y-o-y and to Europe by 13.3 per cent y-o-y, both of which were higher than in June and pointing to a potential continuation in the momentum of the recovery seen particularly in Europe.

Japan's labour market – while having improved slightly – seems to have stagnated in line with the general economy and not really to have picked up. The unemployment rate improved slightly by 0.1 per cent to 5.2 per cent and the number of employed increased for the second consecutive month by 0.3 per cent m-o-m.

Deflation in Japan continued in July. The consumer price index (CPI) was down by 0.9 per cent y-o-y and the widely watched core CPI, which excludes food and energy prices, was down by 1.5 per cent y-o-y in July.

On a monthly basis, the general CPI fell by 0.3 per cent and the core CPI by 0.1 per cent. At the same time, real household spending increased by 1.1 per cent m-o-m, after a 0.5 per cent gain a month earlier.

Car sales rose by 32.7 per cent y-o-y in July, which contributed 0.7 percentage points to the overall gain. Japanese car sales in August will again boost household spending, probably for the last time this year as the stimulus ends.

Domestic sales of new cars, trucks and buses increased by 46.7 per cent from the same month a year ago. Supportive to the positive trend in consumption is certainly the rise in earnings. July total cash earnings rose by 1.3 per cent y-o-y, marking the fifth consecutive month of increase.

However, industrial production in Japan hardly increased in July, rising by 0.3 per cent m-o-m, after it declined by 1.1 per cent in the previous month.

According to production index projections, manufacturing companies are forecasting an increase in production of 1.6 per cent in August and by 0.2 per cent in September.

Based on these projections, industrial production would increase by 0.7 per cent in the third quarter of 2010, decelerating slightly from a 1.5 per cent gain in the second quarter and seven per cent in the first quarter.

"This should not come as a surprise when exports are expected to slow down and the domestic economy is widely supported by a government-led stimulus that will have to be extended to avoid a further slowdown over the coming quarters," the report noted.

"Based on the above, the next quarters are expected to post only very meagre growth. Despite the expectation that the administration will announce further stimulus measures, it remains to be seen whether these will be implemented or successful. Due to the continued deceleration of the recovery momentum, the growth forecast for 2010 now stands at 2.5 per cent, compared with 2.7 per cent previously, while for 2011 the forecast has been revised down to 1.3 per cent from 1.4 per cent, previously," it said.

Expectations for resilient growth in the Euro-zone in the second quarter of this year were supported by the recent release of official GDP data for the quarter.

"This is a remarkable development, when taking into account the serious issues the economy had to deal with, ranging from the near bankruptcy of Greece to the challenge of the Euro-zone banking system. Most of the severe issues of recent months seem to have been contained at least for now and the Euro-zone is once again on an expansionary path," the report noted.

Driven by the export-led economy of Germany, the Euro-zone expanded by seasonally adjusted quarterly growth of one per cent. In a more common annualized reading, this translates to 4.1 per cent growth, which compares with second quarter annualized growth in Japan of 0.4 per cent and in the US at 1.6 per cent.

Although much improved, it has to be kept

in mind that the Euro-zone was significantly more challenged in recent quarters and that this growth comes from a low base.

The Bundesbank expects the German economy now to grow by three per cent in 2010. The success of Germany as the current growth leader was also highlighted by the fact that yields on the German Bund reached new lows in August. German ten-year Bund yields were trading at around 2.30 per cent in August, compared with 3.35 per cent at the start of the year.

Germany grew by 2.2 per cent in the second quarter of this year, the strongest growth since the reunification in 1990. Despite this success, the Bundesbank highlighted the fact that only half of the fall in German production had been recovered.

Exports – the main driving force behind this development – were certainly supported by the weakening euro that reached levels of below $1.20/€ only at the beginning of June and stayed below $1.30/€ for most of July and August.

While France posted quarterly growth of 0.6 per cent and Italy 0.4 per cent, Greece sank even deeper into recession as its GDP declined by minus 1.5 per cent in the second quarter, translating to minus 3.5 per cent on a yearly basis.

Industrial orders have also formed a base for a potentially stronger-than-expected growth in the third quarter. New industrial orders – a lead indicator for industrial production – in the Euro-zone grew by 2.5 per cent m-o-m in June, after a rise of 4.1 per cent in the previous month.

Germany's momentum is obviously continuing at a growth rate of 3.9 per cent in orders, while France's orders grew by 3.1 per cent and even Greece posted 4.3 per cent growth. These levels should be supportive for a continuation of some growth dynamics into the third quarter.

Orders for German machinery were up 48 per cent y-o-y in July, led by strong foreign demand. Orders from abroad were up by 54 per cent in July, while orders from inside Germany were up 38 per cent, according to the German engineering association, VDMA.

The export-led recovery of Germany was also supported by better-than-expected domestic demand. German consumer confidence has risen as the latest sign that the recovery in Europe's largest economy might broaden.

The GfK consumer climate index rose in August to its highest level since October last year and the GfK forecasts that it will rise further in September.

While growth is expected to continue, the strong recovery in the second quarter should be expected to mark a peak level, an assumption that is also supported by the Euro-zone's purchase manager index (PMI).

The Euro-zone purchase manager composite index, based on a survey of euro-area purchasing managers in both the services and manufacturing sectors, declined to 56.2 in August, from 56.7 the previous month, but remains at substantial levels, according to Markit.

The index of the services sector, which accounts for about 60 per cent of the region's GDP, rose to 55.9 from 55.8. The manufacturing index declined to 55.1 in August from 56.7 in July.

On the negative side, retail sales in July continued to be sluggish in the Euro-zone, up by only 0.1 per cent m-o-m, after an increase of only 0.2 per cent a month earlier. This translates to an increase of 1.1 per cent, compared with the depressed levels of the same month last year.

In Germany, retail sales were down by 0.3 per cent for a second consecutive month, highlighting the continued importance of exports to the economy.

France, in contrast, increased its retail sales by 2.2 per cent m-o-m in July, after rebounding from minus 1.2 per cent a month earlier, but still the numbers reflect much higher domestic activity than in the biggest Euro-zone economy.

While these numbers are volatile and have to be handled with some caution, the drop in Spanish retail sales by three per cent certainly highlighted the weakness of the economy.

Monthly retail sales in Spain already fell in April by 2.1 per cent and grew only by 0.3 per cent and 0.9 per cent in May and June, respectively.

This weak development should be expected to continue, considering that unemployment again reached peak levels in July.

The unemployment rate in Spain was again the highest of the four largest Euro-zone economies, reaching 20.3 per cent in July. This also marks the third consecutive month of a level above 20 per cent.

Germany again maintained a general unemployment rate of 6.9 per cent for the second consecutive month, while France recorded a level of ten per cent for the second time. The Euro-zone's youth unemployment fell back to 19.6 per cent, compared with 19.8 per cent in June, still a significant level.

Inflation in the region is remaining at slightly below the desired level of the European Central Bank (ECB) at around two per cent.

In August, inflation fell to 1.6 per cent from 1.7 per cent the month before, which was the highest since November 2008.

The ECB kept its key lending rate at 1.0 per cent in its latest meeting. The positive development of the Euro-zone is reflected in the latest growth estimate of the ECB. The ECB forecasts that the Euro-zone will expand this year and in 2011 by more than previously expected, therefore ruling out a double-dip recession.

Growth is expected at around 1.6 per cent for this year, compared with the estimate of one per cent in June. For 2011, growth of 1.4 per cent is expected, compared with the 1.2 per cent expected previously.

"The Euro-zone continues its recovery, currently stronger than many other OECD regions, helped by the low base. It remains to be seen how the announced steep cuts in spending by most of the Euro-zone countries that will start to be implemented by 2011 will affect future growth. However, the current positive development is slightly encouraging and leads to a revision of the 2010 growth forecast to 1.2 per cent, from 0.8 per cent previously, and to 1.0 per cent from 0.9 per cent for 2011," said the OPEC report.

There are signs that the economic recovery in Russia is moderating in the third quarter following the improved performance in the second quarter. Moreover, the excessive drought is expected to impact growth this year

and inflation both this year and next. Monetary policy remains on hold.

Industrial production growth slowed in July to 5.6 per cent y-o-y from 9.9 per cent in June and 13.1 per cent in May, while the unemployment rate rose to 7.5 per cent in July from 7.1 per cent the previous month.

In August, manufacturing activity as measured by purchasing managers' surveys compiled by Markit Economics, continued to improve. The manufacturing PMI rose to 52.9 from 52.75 in July, reaching a 28-month high, on favourable contributions from new orders.

However, the survey also indicated rising inflationary pressures as increasing input prices fed through to output prices, which rose at the fastest pace in two years.

In contrast, the composite PMI output index for services fell sharply to 49.9 in August, the lowest level since July 2009, from 54.2 the previous month, dipping below the threshold 50 level, indicating a contraction in services, a direct result of the heat wave.

According to the latest figures announced by the Federal State Statistics Service, Russia's annual consumer price inflation increased in August to 6.1 per cent from 5.5 per cent in July. However, it was lower than the August 2009 figure of 11.6 per cent. Food prices also grew 6.1 per cent annually in August, while services prices climbed by eight per cent.

The Economy Ministry also raised its forecast for next year's GDP growth in Russia from 3.4 per cent to 4.2 per cent as it sees strong domestic demand fuelling both retail sales and industrial output. The Ministry estimates GDP growth this year at four per cent. The drought is estimated to subtract as much as 0.8 percentage point from growth in 2010.

Separately, Russia announced the country's largest privatization programme since the 1990s, aiming at raising $29 billion during the next three years. The programme involved selling government shares in 11 state companies.

"Our forecast for the Russian economy has been revised down 0.2 percentage point to four per cent this year and remains unchanged from last month at 3.8 per cent for 2011," the report said.

China's moderating growth trend is ongoing in the third quarter as the government restrains credit growth and discourages multiple-home purchases in an attempt to dampen property price inflation.

At the same time, should the policy measures prove too severe, which presently appears unlikely, the government has the means to boost growth by expanding stimulus measures.

Overall, average growth this year is expected to remain robust moderating in the second half of the year into next year as the policies in place for a soft-landing appear to be on course.

Manufacturing in China recovered in August after the weak performance in July, signalling the economy's slowdown may be stabilizing and fears of a steep correction are receding.

The Purchasing Managers' Index rose to 51.7 from 51.2, according to a government survey. The July dip may also have been partly due to factory maintenance.

However, the report shows signs of faster gains in prices, underscoring the need for vigilance.

A similar monthly survey for manufacturing compiled by HSBC also shows an improvement from 49.43 in July to 51.86 in August.

Looking ahead, the Chinese Ministry of Industry and Information Technology has forecast industrial production growth to slow to ten per cent in the second half of this year from a year earlier, compared with July's 13.4 per cent growth and the 17.6 per cent average for the first half of the year.

On the positive side in August, retail deliveries of cars, sport-utility vehicles and multipurpose vehicles showed strong y-o-y growth of 59 per cent to reach 977,300 units, according to the government's China Automotive Technology & Research Centre.

The three-fold rise in the sales pace from the 15.4 per cent growth seen in July was in response to higher incentives provided by dealers.

As a reflection of confidence in the Chinese economy, foreign direct investment in China climbed in July for the 12th consecutive month, rising by 29.2 per cent to $6.92bn, according to the Chinese Ministry of Commerce.

For the first seven months of the year, investments rose 20.7 per cent to $58.35bn. Last year, China attracted $95bn worth of investments in 2009, ranking second only to the US ($130bn), according to the recent UNCTAD World Investment Report for 2010. This compares with $108.3bn in 2008 and $85.5bn worth of inflows in 2007.

In April, the Chinese government announced measures, including tax breaks and preferential land use conditions, to attract foreign investment into industries such as renewable energy, high-technology and services.

China is expected to remain a top host economy in the coming years, according to the UNCTAD report.

At the same time, China is now among the top 20 investors in the world, ranking sixth place in 2009. FDI outflows from China slowed slightly in 2009 to $48bn from $52bn in 2008, but remained more than twice the 2007 level of $22bn, as China's "go global" policy encouraged domestic enterprises to invest abroad.

"Overall, our 2010 growth estimate for China is unchanged from last month at 9.5 per cent, but has been lowered by 0.2 per cent in 2011 to 8.6 per cent. Despite the soft landing, China remains a very important engine of world growth. According to our estimates, China will contribute around 30 per cent of this year's global economic expansion of 3.9 per cent. Already during the second quarter, a combination of weak growth in Japan and a solid performance in China meant that China has for the second time overtaken Japan to become the second largest economy in the world," the report noted.

In contrast to many other emerging markets, the Indian economy continues to exhibit strong growth into the third quarter, accompanied by inflationary pressures, with only few signs of a cooling off.

The Indian economy appears to be more sheltered from a slowdown in the rest of the world, given the relatively small size of its external sector, with exports accounting for less than 20 per cent of GDP.

Given the expectation that strong growth and inflationary pressures will persist, monetary tightening is expected to continue as the

Reserve Bank of India seeks to rein in consumer prices.

The government reported that GDP had expanded at the fastest pace in two-and-a-half years in the second quarter, posting 8.8 per cent y-o-y growth, following 8.6 per cent in the first quarter.

Agricultural output rose by 2.8 per cent, while services, which account for about 55 per cent of the economy, grew by 9.7 per cent, manufacturing expanded by 12.4 per cent and mining output rose by 8.9 per cent.

The brisk expansion continued into the third quarter in both manufacturing and services, albeit at a slightly moderating pace in August.

The latest HSBC Purchasing Managers' Index for the manufacturing sector posted 57.2 in August, slightly less than the 57.6 figure for July, indicating that the recovery from the downturn at the end of 2008 and early 2009 is being uninterrupted.

The HSBC report notes that, despite the strong rise in output and orders, employment in the manufacturing sector fell for the second month in a row.

In the services sector, despite a second monthly drop in the headline PMI to 59.3 in August from 61.7 in July and 64 in June, the numbers continue to indicate sharp growth in the services sector, accompanied by high input-price inflation with total new orders rising slightly.

Inflation remained high, despite some signs of easing in July. Wholesale price inflation fell from 10.6 per cent in June to 9.9 per cent in July, while the consumer price index for industrial workers was 11.3 per cent in July, down from 13.8 per cent in June.

With rising incomes and increasing wealth and an expectation of a good monsoon season (June-September), domestic demand is set to remain strong.

One indicator is the passenger-car sales which jumped 38 per cent y-o-y to a record 158,764 in July, as reported by the Society of Indian Automobile Manufacturers. The group forecasts annual sales to reach three million by 2015, twice the rate seen in 2009.

Separately, the UNCTAD World Investment Report for 2010 reported that India had attracted $35bn of foreign direct investment in 2009 compared with $40bn in 2008, ranking third after China and Hong Kong in the South, East, and South East Asian region and ninth in the world.

"Our forecast for GDP growth in India this year has been revised up by 0.4 per cent to 8.2 per cent, while the forecast for next year remains unchanged at 7.7 per cent," said the report.

Brazil's economic growth slowed to 1.2 per cent in the second quarter of 2010 from 2.7 per cent the previous quarter, a pace seen by the Central Bank to be more compatible with long-term equilibrium.

The drop was less than expected as investments rose at a record rate reinforcing the view that the Central Bank may have to resume monetary tightening later on this year, or in early 2011.

Seen on an annual basis, growth in the second quarter of this year amounted to 8.7 per cent, only slightly lower than the nine per cent registered in the first quarter, when it expanded at the fastest pace in 15 years, due to record retail sales growth.

The fastest component of GDP growth in the second quarter was investment, which expanded by 2.4 per cent, or 26.5 per cent, from a year ago, the biggest increase since records began in 1996.

Consumer expenditure rose by 0.8 per cent and government expenditure increased by 2.1 per cent.

While imports soared by 38.8 per cent y-o-y, encouraged by a strong currency, exports rose by only 7.3 per cent.

The country's finance minister expects growth to slow in the second half of the year, although the Central Bank sees the pace of growth in the third quarter being somewhat higher than in the second quarter, but still below the first quarter.

The bank expects GDP in Brazil to expand 7.3 per cent in 2010, a forecast unchanged since June, while a survey of 100 economists by the bank in late August predict a slightly lower pace of 7.1 per cent.

Industrial output rose by 0.4 per cent in July from a month earlier, according to the national statistics agency, compared with a one per cent fall in June. Output rose 8.7 per cent from a year earlier.

Consumer prices fell unexpectedly in August with the annual inflation rate through mid-August dipping to 4.44 per cent, falling below the government's 4.5 per cent target for the first time since January.

"Our forecast for GDP growth in India this year has been revised up by 0.4 per cent to 8.2 per cent, while the forecast for next year remains unchanged at 7.7 per cent."

However, a Central Bank survey shows inflation rising to 5.1 per cent by year-end and forecasts for next year show inflation averaging 4.87 per cent.

The fall in inflation in August, as well as the lower-than-expected rebound in industrial output in July, were factors in the Central Bank's decision to keep interest rates on-hold on September 1 at 10.75 per cent after three increases amounting to 200 basis points.

"Our forecast for GDP growth has been raised by 0.7 percentage point to 6.6 per cent for 2010, while the forecast for 2011 is unchanged from the previous report at four per cent," the OPEC report said.

Looking at selected OPEC Member Countries, the report said that the IMF painted a positive picture of the Saudi Arabian economy which was seen to have coped well with the global crisis, given the sizeable fiscal stimulus, counter-cyclical macro-prudential policy of the Central Bank and good supervisory and regulatory frameworks, which enhanced the financial sector's resilience.

This year, the Kingdom's consumer price inflation is seen to average 5.2 per cent,

reflecting mainly persistent price rises for food and rent. The latest seasonally adjusted monthly figures show overall consumer prices rising by almost six per cent in July y-o-y from 5.6 per cent in June, with food price increasing by 7.1 per cent from 6.2 per cent in June.

Total GDP is forecast by the IMF to grow by 3.7 per cent in 2010, with non-oil GDP expanding by 4.3 per cent. Non-oil GDP was supported in 2009 by the fiscal stimulus and grew by 3.8 per cent, only a half a percentage point below growth in 2008.

Both FDI inflows and outflows fell in West Asia in 2009 in most of the region's countries, according to the UNCTAD World Investment Report for 2010, but prospects may improve in 2010.

However, for inflows there were a few exceptions to the 2009 trend. In Qatar, inflows rose by 112 per cent to $8.7bn, from $4.1bn in 2008, mainly in liquefied natural gas (LNG), with two more LNG "super-trains" expected to come onstream in 2010.

Among the main recipients of FDI, the 71 per cent drop in the UAE from $13.7bn in 2008 to $4bn in 2009 was mainly due to the Dubai debt crisis.

Saudi Arabia continued to be the region's largest recipient of FDI, with total inflows reaching $35.5bn in 2009, only seven per cent below the previous year.

For FDI outflows from the region the picture was also varied. Outflows from Kuwait remained almost unchanged, at $8.7bn in 2009, making it the region's largest outward investor in the year, followed by Saudi Arabia, where outward FDI increased significantly from $1.5bn in 2008 to $6.5bn last year.

In contrast, outflows from the UAE fell to $2.7bn from $15.8bn in 2008.

World oil demand

In its review of the market, the report said demand for OPEC crude for 2010 has been revised down by 100,000 b/d to currently stand at 28.6m b/d.

The revision mainly reflects the upward adjustment in non-OPEC supply as demand figures remained broadly unchanged.

With the exception of the second quarter, which saw an upward revision, all other quarters experienced a downward revision.

Demand for OPEC crude represents a decline of 300,000 b/d from the previous year. The first quarter of the year is still showing a drop of 1.0m b/d, followed by a decline of 400,000 b/d in the second quarter, while the third quarter is estimated to remain flat and the fourth quarter is projected to see growth of around 200,000 b/d.

Demand for OPEC crude next year is projected to average 28.8m b/d, showing a downward revision of 100,000 b/d from the previous assessment.

The required OPEC crude is forecast to increase by about 200,000 b/d, following three consecutive annual declines.

The bulk of the growth is expected to be shown in the first half of the year, indicating an increase of 500,000 b/d and 400,000 b/d in the first and second quarters, respectively, while the second half is forecast to remain almost unchanged, compared with the previous year over the same period.

Moving to the industrialized countries, the report said present economic conditions in most developed countries is discouraging. The economic recovery is not only slow, but is also facing turbulence. The fact that some OECD countries can no longer afford stimulus plans is likely to pressure their economies in the second half of this year, leading to weaker oil demand compared with the first half.

Earlier forecasts anticipated a lower oil demand performance in the first half of the year; however, stimulus plans enacted early in the year have resulted in higher than anticipated oil demand.

Hence, a minor upward revision in the first half of the year was acknowledged. Depletion of government funds will leave oil demand forecasts for the second half as anticipated. Should governments manage to provide additional funding, an upward risk might be a possibility.

Signs of a slower recovery in most of the OECD countries are becoming more apparent, imposing the need for considerable caution on world oil demand projections for the rest of this year.

In fact, the consequence of a weaker economic recovery on oil demand is already being seen, as growth is weakening in some parts of the world, dipping into the negative. This is not only affecting OECD oil demand, but also spreading to non-OECD areas, such as Asia.

Despite recent weekly US data indicating strong growth in the country's oil demand caused by the low base of last year, the OECD region is not expected to achieve any growth this year in oil demand, due to a deep decline in European oil demand.

It is not only US oil demand playing a major role in total oil consumption this year; China's oil demand has been acting as a backup and offsetting, to a certain degree, the loss in OECD oil demand. However, this might weaken as the Chinese government makes efforts to slow down its overheating economy.

World oil demand in the second half of 2010 is forecast to grow by more than 1.0m b/d, led by China, the US and the Middle East.

Given the slow pace of the world economic recovery, global oil demand growth is forecast at 1.05m b/d, or 1.2 per cent, unchanged from the previous month.

August US weekly data illustrated a slowdown in the growth of the country's oil consumption. The recent deterioration in the US economy resulted in fewer miles driven, and a reduction in industrial production.

Despite the low base from last year, there was only a minor increase in gasoline usage, especially during the summer driving season and a moderate improvement in distillates, which was offset by considerable decreases in industrial fuels, such as residual fuel oil and propane/propylene.

Slowing economic activities have been affecting the country's total oil consumption, which forced the US energy administration to sharply revise down the implied growth for June.

Based on more reliable monthly official statistics, US oil consumption only showed a minor increase of 200,000 b/d in the first half of 2010, compared with 2009, while gasoline consumption is on the decline.

In general, US oil demand has stabilized and moved away from the declining trend seen last year. Given the shaky economy, the country's oil demand has a strong chance of experiencing turbulence in the second half of the year.

The summer driving season – apart from the effect of Labour Day in September – is not expected to do much this season, as the country is still suffering from the financial crisis. Ultimately, hope lies within the industrial sector to show a better performance, leading to potential growth in industrial fuel usage.

Mexico's oil consumption showed a decrease in July for the first time since January, driven by lower consumption in transportation and industrial fuels.

Nevertheless, Mexican oil consumption stands at higher levels during the first six months of the year, compared with 2009, due to the improved economy. All petroleum products are showing increases, with the biggest seen in transportation and industrial fuels.

Canadian oil demand closed the first half of 2010 with a moderate increase, driven by industrial and transportation fuels.

For the whole of 2010, North American oil demand is expected to grow by 300,000 b/d, with most increases seen in the second quarter of the year.

US car and light vehicle sales fell to a 28-year low in August, their worst level since the same month in 1982, with the rate of sales below 2008, which was the year that nearly destroyed the auto industry and drove GM and Chrysler into bankruptcy.

US car sales fell sharply in August, compared with the same month in 2009, driven by the end of the government's "cash-for-clunkers" incentive programmes, which sharply boosted demand for cars early in the year.

Vehicle sales for General Motors, the largest US carmaker, plunged by 25 per cent to 185,176 vehicles in August, while rival Ford reported an 11 per cent drop in sales to 157,503.

Demand in August 2009 was lifted as a popular government programme offered up to $4,500 for buyers to trade in their old petrol-guzzling cars for new vehicles.

Early July consumption data showed improvements, compared with previous months in 2010. In addition to the high debt levels affecting several European economies, the continued application of rigorous state tax policies on oil are factors which could impose additional future sharp declines in European oil consumption.

The European Big Four oil demand contracted only by 90,000 b/d in July 2010, as opposed to 730,000 b/d in January 2010.

Increased industrial production, especially in Germany, led to stronger distillate demand and was the main reason for the recovery. Nevertheless, transportation fuels are still on the decline.

Furthermore, official preliminary UK data reported a significant reduction in oil consumption of about 200,000 b/d with the transport sector being most affected.

French oil consumption was practically flat, while Italian oil consumption contracted slightly in July. In both countries, transportation fuel accounted for the bulk of decreases, whereas industrial fuel showed small growth.

The region's total contraction in oil demand is forecast at 300,000 b/d in 2010. However, due to the moderate 2009 baseline, the decline in oil demand is expected to ease in the second half of the year.

The risk exists mostly in the upward trend. Should Euro-zone governments inject more funds into their economies, this would positively affect the continent's oil demand for the rest of the year.

The region's total contraction in oil demand is forecast at 350,000 b/d in 2010. However, the decline in oil demand is expected to ease in the second half of the year.

Japanese oil demand in July grew the most since last February with transport fuels – kerosene, diesel and gasoline – again being the main drivers for growth.

Japanese oil consumption seems to have stabilized since January, reaching 1.7 per cent growth in the first seven months of the year. However, this was up from the exceptionally low levels seen in the last two years.

One more factor that affected the country's oil usage is the increase in direct crude use in power plants. Despite this current positive performance, the development of Japanese oil consumption is heavily dependent upon the implementation of a further stimulus plan that is expected to take place in the remaining months of 2010.

In South Korea, the second-largest oil-consuming country in the OECD Pacific region, an increase was observed in the consumption of gasoline last June, offsetting the decrease in the consumption of diesel and jet/kerosene, leading to almost flat y-o-y consumption for the month.

"The European Big Four oil demand contracted only by 90,000 b/d in July 2010, as opposed to 730,000 b/d in January 2010."

Given the stability in Japanese oil demand, OECD Pacific oil demand is forecast to be flat in 2010, averaging 7.7m b/d.

Political influences are prolonging India's move to a new pricing mechanism for its retail petroleum products. Should the country completely free its domestic retail prices, this will definitely affect local demand for gasoline, diesel, kerosene, and LPG.

India's energy consumers have been benefiting from controlled retail prices as the country's developing economy is dependent upon such supports.

India's oil demand has been calm in the first quarter, resulting in a flat performance; however, it achieved four per cent growth in the second quarter, resulting from enhanced activities in both industrial and transport sectors.

Moving into the third quarter – the highest season for fuel consumption – the country consumed 113,000 b/d more oil in July than in the same month last year.

In addition to the transport and industrial sectors, seasonal agricultural sectors have

pushed for more diesel usage in the summer. Diesel that was used in the transport, industrial and agricultural sectors contributed most to the increase in July oil demand, amounting to 75,000 b/d of total growth.

With the strong increase in new car sales, gasoline demand grew by almost 15 per cent in July y-o-y. Other industries, such as petrochemicals, increased LPG use by eight per cent over the same period.

A healthy Indian economy in the past few years has increased demand for energy. Although Indian oil demand has been performing below forecast growth by 35,000 b/d, it is expected, to a certain degree, to balance itself in the second half of 2010.

However, given the weak demand in the first quarter, India's oil demand for the year is not expected to be as strong as last year, achieving growth of a little less than four per cent y-o-y.

India's auto industry has been on the move for the past two years. It is not only strong economic activities that are boosting the county's new vehicle sales, but also controlled gasoline and diesel prices, along with government incentive programmes.

"Given the high summer seasonality, Saudi oil demand is expected to grow by 157,000 b/d in the third quarter y-o-y, ending the year with 5.8 per cent growth."

Given the low base of oil demand last year and also its growing economy, Taiwan oil demand has grown in the first six months of the year, exceeding eight per cent.

Almost all of this growth is attributed to the industrial sector; however, transport fuel showed some minor decrease as the country diversified its transportation energy use to electricity via intra-city trains.

This movement is also seen in some of Asia's economic tigers. Hong Kong oil usage experienced growth in the first quarter; nevertheless, it plunged to a contraction mode, ending the first half of the year with a 16 per cent y-o-y decline.

Given the strength of India's oil consumption, Other Asia oil demand growth for the total year is forecast at 23,000 b/d, or 2.3 per cent, y-o-y, averaging 10m b/d.

Other Asia oil demand exceeded 10m b/d for the first time in the second quarter of 2010.

Saudi Arabian oil demand is back on track after a weak performance in the second quarter. Declining oil demand in June was the first to be seen for the past four years on a monthly basis; however, the second quarter has a low seasonality by nature in Saudi oil consumption.

July data indicated a strong increase in demand for diesel by the transport, industrial, and agricultural sectors. Saudi diesel demand grew by 19 per cent in July y-o-y, followed by fuel oil exceeding 13 per cent growth.

Given the high summer seasonality, Saudi oil demand is expected to grow by 157,000 b/d in the third quarter y-o-y, ending the year with 5.8 per cent growth.

Unlike Saudi oil demand, Iran's oil consumption has been on the decline since the beginning of the year. Diesel consumption showed most of the decline, totalling 25,000 b/d in the first half of 2010 y-o-y.

As the region's economies show steady growth, the region's long-term projects are keeping Middle East oil demand on the rise. With the effect of weak Iranian oil demand, the initial Middle East oil demand forecast was reduced by 25,000 b/d to show total growth of 200,000 b/d y-o-y, averaging 7.3m b/d.

Brazilian oil demand has been showing growth exceeding 100,000 b/d on a monthly basis since the beginning of the year. July data indicated strong consumption caused by strong demand in the transportation sector.

Gasoline and diesel oil demand inched up by 19 per cent and 12 per cent y-o-y. Due to the healthy growth in both Brazilian and Venezuelan oil consumption, Latin America's oil demand is expected to grow by 2.7 per cent, averaging 6.0m b/d in 2010.

Developing Countries' oil demand growth is forecast at 600,000 b/d y-o-y in 2010, averaging 26.6m b/d.

Among other economic factors that might affect China's oil demand is the appreciation of the country's yuan currency. The yuan has appreciated against the dollar since Beijing announced on June 19 that it was freeing the yuan from its two-year de facto peg to the US dollar. Nevertheless, the IMF still sees the currency as needing more flexibility and being undervalued in the market.

Chinese oil demand seems to have cooled down as a result of economic and political factors. July oil demand growth was the lowest in the last 12 months. The country's oil consumption grew by 3.4 per cent in July y-o-y, averaging 9m b/d.

This weak performance came despite the high seasonality of agriculture and the high demand for electricity. However, this temporary slowdown in oil demand is not expected to affect total year oil consumption.

China's over-heating economy has kept the country's oil demand on a sharp incline. The country has used another 514,000 b/d of oil in the first seven months of the year and oil imports exceeded 1m b/d for two months to reach 1.6m b/d in February.

However, a large portion of the oil imports seen during the first half of this year wound up in the country's oil storage. China is keen on a programme to build massive strategic oil storage within the country. The initial filling commenced in the third quarter of 2006, reaching 120m b in the third quarter of 2010. China's oil imports are structured based on international oil prices.

Almost all of China's economic indicators exceeded expectations, pushing not only the country's GDP to 9.5 per cent growth, but also the country's oil usage to approach growth of 5.6 per cent in 2010 to average 8.7m b/d.

Looking at world oil demand in 2011, the OPEC report said the global economic recovery that started during the second half of 2010 is projected to continue throughout next year, however at a slow pace.

The recovery in oil demand will take place in virtually all quarters, although with more strength in the second half of the year. Of course, the expected growth in oil demand next year comes as a result of not only improved economic activity, but also from the low base in oil demand in 2009 and 2010.

The bulk of next year's oil demand growth will take place in the non-OECD region, mainly China, India, the Middle East and Latin America.

On the product side, demand for industrial fuel will be strong as a result of the continuing economic recovery. In the OECD, 2011 US oil demand is expected to be more than this year's as the country continues to recover from the devastating financial crisis that crippled the economy for two years.

US gasoline demand is expected to be back in its normal growing mode; nonetheless, US oil demand will remain the wild card in 2011 as it could also be negatively influenced by the country's economic turbulence, state policies and retail petroleum product prices.

Furthermore, demand for transportation fuels and petrochemicals is also expected to be strong in 2011.

Other factors that might play an important role in next year's oil demand are retail oil product prices, taxes, and the partial removal of retail price subsidies worldwide which would lead to a moderate oil demand recovery.

World oil demand is projected to continue growth throughout the year, sustaining growth of 1.05m b/d to average 86.4m b/d in 2011.

Given the expected recovery in the industrial sector worldwide, industrial fuel, mainly diesel and naphtha, will be the products showing the most growth in world oil demand in 2011.

Furthermore, economic recovery will lead to an increase in world gasoline and jet fuel consumption, yet the bulk would come from the growing transport sector in non-OECD countries as well as the US.

More than 90 per cent of next year's oil demand growth is attributed to the non-OECD countries, whereas the OECD, mainly North America, will show a moderate demand increase of 200,000 b/d.

World oil supply

Preliminary figures show that world oil supply averaged 86.08m b/d in August, relatively steady from the previous month.

OPEC crude is estimated to have a 33.9 per cent share in global supply, steady from the previous month. The estimate is based on preliminary data for non-OPEC supply, estimates for OPEC NGLs and OPEC crude production according to secondary sources.

Meanwhile, non-OPEC oil supply is expected to increase by 920,000 b/d over the previous year to average 52.06m b/d in 2010. The forecast increase indicates an upward revision of 130,000 b/d compared with the previous month.

The majority of the upward revisions were concentrated in the OECD, with the US and UK supply forecasts encountering the biggest upward revision in this month's update.

There were a few minor downward revisions introduced to the supply estimates, yet these were offset by the significant upward revision in the OECD. The US, Brazil, China, Russia, Colombia, Kazakhstan and India are seen as the major contributors to growth, while Norway, the UK and Mexico remain the main countries with significant declines in 2010.

On a quarterly basis, non-OPEC supply is expected to average 52.21m b/d, 52.16m b/d, 51.76m b/d and 52.11m b/d, respectively.

OECD total oil supply is estimated to increase by 80,000 b/d to average 19.72m b/d in 2010, indicating a significant upward revision of 100,000 b/d over the previous month.

The revisions were due to supply forecasts for North America and OECD Western Europe, while the OECD Pacific remained unchanged.

The US and UK supply forecasts encountered significant upward revisions which turned the OECD supply forecast positive.

On a quarterly basis, OECD oil supply is seen to average 19.97m b/d, 19.76m b/d, 19.45m b/d and 19.70m b/d, respectively.

North America oil supply is projected to average 14.62m b/d in 2010, representing growth of 330,000 b/d and an upward revision of 80,000 b/d compared with last month.

The upward revision is rendering North America the region expected to have the highest growth in 2010 among all non-OPEC regions. The forecast calls for healthy growth from the US, relatively steady supply from Canada and a slowing decline in Mexico.

The upward revision came mainly from the US. According to preliminary data, North America oil supply increased by 530,000 b/d in the first half of 2010, compared with the same period in 2009.

On a quarterly basis, North America oil supply is expected to average 14.67m b/d, 14.77m b/d, 14.50m b/d and 14.54m b/d, respectively.

Despite the unenthusiastic reaction to the deepwater moratorium in the Gulf of Mexico, the strong actual US supply data continues to impress. US oil supply is expected to experience growth of 370,000 b/d in 2010 to average 8.44m b/d, representing an upward revision of 70,000 b/d.

The current output growth projection positions the US on top of the production growth list in 2010. The upward revision came to adjust for actual production data in the first half of the year, with strong potential for more upward revisions in the coming months.

The support is coming mainly from the relatively-stable-to-increasing crude output, record biofuels supply and remarkable NGL production.

The improved supply from the Bakken formation in North Dakota is further supporting growth. The enhanced supply expectation is seen despite reports of a slower pace in licensing for shallow water drilling in the Gulf of Mexico, as well as uncertainty around the start-up of the Cascade and Chinook developments in the Gulf of Mexico, as the operator completed two wells from the first phase before the moratorium and it is unclear when the rest will be drilled and connected.

On a quarterly basis, US oil supply is seen to average 8.44m b/d, 8.53m b/d, 8.37m b/d and 8.42m b/d, respectively.

Preliminary supply data for the first half of 2010 supports the forecast trend for Canadian oil supply with growth backed by non-conventional oil, while conventional production is seen declining.

However, the various operational setbacks seen during the first half of the year hindered the materialization of the earlier anticipated growth.

Canada's oil supply is expected to average 3.26m b/d in 2010, minor growth of 20,000 b/d over 2009 and representing a minor upward revision of less than 10,000 b/d from the previous month.

The revision was experienced in the first quarter, mainly to adjust for updated production data. The other quarters' supply estimates remained relatively unchanged, as the perception of a better performance demonstrated by the data offsets the anticipated lower output by the Long Lake projected, due to the upgrader shutdown of more than a week in August.

During the first half of 2010, the data indicates that only non-conventional oil production experienced an increase of 80,000 b/d, while crude oil and NGL production declined by 30,000 b/d and 40,000 b/d, respectively.

On a quarterly basis, Canada's supply is forecast to average 3.24m b/d, 3.27m b/d, 3.24m b/d and 3.30m b/d, respectively.

According to actual production data, oil output from Mexico in the first half of 2010 strongly indicated stabilization of supply.

Compared with the same period in 2009, production in the first half of 2010 experienced a decline of less than one per cent, or 30,000 b/d. However, reports that production declined in the first half of August, compared with a month earlier, cast some doubts regarding the endurance of the output steadiness in the coming period, especially as the decline is coming from Mexico's two major producing projects, ie Ku-Maloob-Zaap and Cantarell.

Experts are voicing apprehensions whether KMZ was developed too quickly, in an approach that would hinder the project's lasting output level, which increases the risk associated with the forecast for 2010.

Mexico's oil supply is anticipated to decline by 60,000 b/d in 2010 to average 2.92m b/d, flat from the previous month. On a quarterly basis, Mexico's oil supply is seen to stand at 2.99m b/d, 2.97m b/d, 2.88m b/d and 2.82m b/d, respectively.

According to preliminary data, Mexico's oil supply averaged 2.96m b/d in July, slightly higher than in the previous month.

OECD Western Europe total oil supply is predicted to decline 250,000 b/d and average 4.46m b/d in 2010, indicating an upward revision of 20,000 b/d, compared with the previous month.

The upward revision was supported mainly by the upward revision of the UK forecast. The supply situation remains relatively unchanged with declines expected by all of the major producers in the region.

On a quarterly basis, supply is forecast to average 4.68m b/d, 4.39m b/d, 4.30m b/d and 4.49m b/d, respectively.

Preliminary data indicates that OECD Western Europe supply stood at 4.53m b/d in the first half of 2010, a decline of 320,000 b/d compared with the same period in 2009.

Output from Ekofisk, Statfjord and Gullfaks improved in July compared with a month earlier, according to preliminary production data, as the heavy maintenance work comes to an end.

Despite the return from maintenance, especially of the Ekofisk, which in July increased by 200,000 b/d from the previous month, July total oil supply indicated a decline of 310,000 b/d, or 13 per cent, compared with the same month in 2009.

Norway's oil supply is forecast to decline by 140,000 b/d in 2010 to average 2.20m b/d, indicating a minor upward revision of less than 10,000 b/d, compared with a month earlier.

Adjustment to updated production data, as well as expectation of the start-up of the Gjoa and Vega developments, supported the upward revision, while reduced output from the Oseberg and Heidrun fields on technical grounds partially offset the upward revision.

On a quarterly basis, Norway's supply is seen to average 2.31m b/d, 2.10m b/d, 2.13m b/d and 2.27m b/d, respectively.

Better-than-expected production data from the UK in the second quarter, supported by a better performance by small fields, such as Thistle and Don, required an upward revision of 40,000 b/d to the forecast compared with the previous month.

Oil supply from the UK is predicted to average 1.41m b/d in 2010, a decline of 70,000 b/d over 2009.

In addition to the healthy supply data in the second quarter, the new well at the Ettrick field, as well as the successful testing of the Blackbird development that will be tied back to Ettrick to maintain peak production, is supporting the upward revision.

According to preliminary data, supply in the UK in the first half of 2010 indicated a decline of 140,000 b/d, compared with the same period last year.

On a quarterly basis, UK oil supply is seen to average 1.51m b/d, 1.41m b/d, 1.35m b/d and 1.39m b/d, respectively.

Preliminary supply data indicated lower output from the Danish Underground Consortium in July from a month earlier, mainly due to maintenance work, with fields like Valdemar indicating a relatively heavy decline.

Hence, Denmark's oil supply forecast was revised down by 10,000 b/d compared with the previous month to average of 240,000 b/d in 2010, a decline of 30,000 b/d over 2009.

Similarly, the projection for Other Western Europe supply was revised down on anticipation of lower biodiesel output as production was pressured by margins being affected by imports.

Total OECD Pacific oil supply is expected to remain relatively flat from the previous year to average 630,000 b/d in 2010, unchanged from the month before.

OECD Pacific supply is anticipated to increase in the second half of 2010 supported mainly by Australia. Oil production in the first quarter indicated a decline of 20,000 b/d compared with a year ago, according to preliminary data.

On a quarterly basis, total OECD Pacific supply is seen to average 610,000 b/d, 600,000 b/d, 640,000 b/d and 670,000 b/d, respectively.

Recently established fields, such as the Van Gogh and Pyrenees, are expected to ramp up and improve supply in the second half of 2010. In late August, the Ravensworth developments, part of the Pyrenees projected, started up and is expected to peak at 30,000 b/d.

Australian oil production is foreseen to remain relatively steady in 2010 over 2009 and average 530,000 b/d, unchanged from the previous month.

Despite the steady state, there was a minor downward revision to second quarter supply on adjustment to production data, yet the revision did not affect the annual figure.

Australia's oil supply is expected to increase in the second half of 2010, as the production in the first half indicated a decline of 30,000 b/d, compared with the same period last year.

The various operational set-ups delayed any growth in the first half; however, output is expected to improve in the second half of the year.

On a quarterly basis, Australian oil supply is forecast to average 510,000 b/d, 500,000 b/d, 540,000 b/d and 570,000 b/d, respectively.

Developing Countries' oil supply is projected to increase by 300,000 b/d in 2010 to average 12.86m b/d, relatively steady from the previous month with only a minor downward revision of 10,000 b/d.

Overall supply conditions within the group remain unchanged with growth in 2010 coming from Latin America and the Middle East, while Other Asia and Africa supply are expected to remain flat.

Brazil, Colombia, India and Oman are the main contributors to anticipated Developing Country supply growth.

On a quarterly basis, Developing Countries' supply is estimated to average 12.88m b/d, 12.91m b/d, 12.81m b/d and 12.85m b/d, respectively.

According to preliminary data, Developing Countries' first half oil supply indicated growth of 410,000 b/d, compared with the same period last year.

Preliminary data indicates that output from Other Asia achieved minor growth of 40,000 b/d in the first half of 2010, compared with the same period in 2009.

Among the group, only India is expected to show oil supply growth in 2010, while other countries' supply forecasts are ranging between steady and declining in 2010.

The East Belumut field in Malaysia resumed operation after four weeks of shutdown on a pipeline leak incident. Malaysia's oil supply is forecast to decline by 40,000 b/d in 2010 and average 690,000 b/d, unchanged from a month earlier.

The anticipated decline is projected despite the start-up of the biofuels plant at Kuantan. In Thailand, the start-up of the Prachinburi biofuels project is expected in the fourth quarter of 2010, yet supply is anticipated to drop 30,000 b/d in 2010 to average 340,000 b/d.

Indonesia's supply was reported lower in July compared with the previous month on technical issues at different fields, with oil supply expected to average 1.03m b/d in 2010, flat from the previous year.

Oil supply from Other Asia is believed to decline by 10,000 b/d in 2010 to average 3.69m b/d, indicating a minor downward revision of less than 10,000 b/d compared with a month ago.

On a quarterly basis, Other Asia oil supply is seen to stand at 3.73m b/d, 3.70m b/d, 3.67m b/d and 3.66m b/d, respectively.

Despite the safety upsets, whereby the Brazilian government ordered the shutdown of P-33, Brazil's oil supply is forecast to continue to experience strong growth with 210,000 b/d in 2010 for an average of 2.71m b/d, broadly unchanged from the previous month.

The projected growth is supported by healthy production in July, as well as the return of P-43 to operation from maintenance and the start-up of production from new wells as the FPSO Cidade de Santos.

According to preliminary data, Argentina's oil supply increased by 20,000 b/d in the first half of 2010 compared with the same period in 2009. However, Argentina's supply is forecast to decline annually by 10,000 b/d, where second-half supply is estimated to drop, due to mature area decline.

Colombia's oil supply is expected to increase by 110,000 b/d in 2010 to average 790,000 b/d, representing a minor upward revision, mainly on strong production figures.

Latin America's oil supply is foreseen to increase by 300,000 b/d in 2010 to average 4.71m b/d, indicating a slight upward revision over the previous month.

On a quarterly basis, Latin America's oil supply is predicted to stand at 4.64m b/d, 4.71m b/d, 4.72m b/d and 4.78m b/d, respectively.

Middle East oil supply remained relatively unchanged compared with last month, with minor changes to the second quarter on updated production data that offset each other.

"Developing Countries' oil supply is projected to increase by 300,000 b/d in 2010 to average 12.86m b/d ..."

Oil supply from the Middle East is seen to average 1.76m b/d in 2010, representing growth of 30,000 b/d.

The anticipated growth is supported only by Oman, while other countries' supply is seen to either remain flat, or decline.

Oman's oil supply is expected to increase by 50,000 b/d in 2010 to average 860,000 b/d, further supported by the projected start-up in the second half of 2010 of the Farha development in block-3.

Preliminary data indicates that oil supply in the first half of 2010 increased by 30,000 b/d from the same period a year earlier.

On a quarterly basis, Middle East oil supply is expected to average 1.77m b/d, 1.77m b/d, 1.75m b/d and 1.73m b/d, respectively.

According to preliminary data, Africa's oil supply in the first half of 2010 remained unchanged compared with a year ago.

Compared with the previous assessment, Africa's oil supply forecast experienced a minor downward revision of less than 10,000 b/d, mainly on the back of adjustments to updated production data.

Egypt and Sudan's supply forecasts saw minor downward revisions on updated data.

Sudan's output is expected to drop by 10,000 b/d in 2010 to average 460,000 b/d. The downward revision came despite reports of the start-up of a new field at Block 6.

Congo's oil supply experienced the only upward revision within the region, mainly on the expectation of new wells at the Azurite development.

Congo's oil supply is estimated to increase by 20,000 b/d in 2010 to average 300,000 b/d. Growth is anticipated despite the encountered technical problems.

Africa's oil supply is expected to average 2.70m b/d in 2010, representing a minor decline of 10,000 b/d over last year.

On a quarterly basis, Africa's oil supply is seen to average 2.74m b/d, 2.72m b/d, 2.68m b/d and 2.68m b/d, respectively.

Former Soviet Union total oil supply is expected to grow by 280,000 b/d in 2010 to average 13.24m b/d, indicating an upward revision of 30,000 b/d compared with the previous month.

The upward revision came from all the major producers in the region with Russia contributing the largest share. There was a downward revision to the FSU Others forecast that was offset by other upward revisions in the region.

In terms of regional growth, total FSU supply in 2010 comes behind only North America and Latin America.

During the first half of 2010, FSU oil production increased by 450,000 b/d over the same period in 2009.

On a quarterly basis, total oil supply in the FSU is estimated to average 13.12m b/d, 13.18m b/d, 13.28m b/d and 13.37m b/d, respectively.

Separately, Other Europe supply is anticipated to remain flat from 2009 to average 140,000 b/d in 2010.

Russia's oil supply fell in August from the record-high level seen in July, according to preliminary data, marking the lowest output level since January.

The lower supply came on the back of maintenance at the Sakhalin-1 project, as well as other areas.

However, oil supply is projected to increase in September as the major maintenance work has been completed.

Russia's oil supply is expected to increase by 170,000 b/d in 2010 to average 10.09m b/d, representing an upward revision of 20,000 b/d, compared with the previous month.

The continuing healthy production level supported the upward revision as well as the start-up of the small volume field of Lineynoye and the anticipated increase in production of Yuzhno-Khylchuyskoye.

Vankor field production, which has fuelled Russia's oil supply growth since it started up in August 2009, is reported to be stabilizing close to the June production level.

On a quarterly basis, Russia's oil supply is expected to average 10.09m b/d, 10.12m b/d, 10.10m b/d and 10.06m b/d, respectively.

Russia's oil supply stood at 10.07m b/d in August, lower by 80,000 b/d from a month earlier.

Tengiz oil field output was curtailed on the back of maintenance; however, maintenance has ended and the export programme is suggesting higher output in September.

However, maintenance at Karachaganak is expected to reduce Kazakhstan's output in September.

Kazakh oil supply is estimated to increase by 80,000 b/d in 2010 to average 1.67m b/d, indicating a minor upward revision of 10,000 b/d compared with last month.

The healthy level of production, along with reports that the government expects output to exceed initial targets, is further supporting the upward revision. Oil supply in the first half of 2010 indicated growth of 90,000 b/d, compared with a year ago, according to the available data.

On a quarterly basis, Kazakhstan's oil supply is estimated to average 1.61m b/d, 1.56m b/d, 1.62m b/d and 1.67m b/d, respectively.

Oil supply from Azerbaijan in the first half of 2010 experienced only a minor increase of 10,000 b/d, compared with a year ago.

However, both the Gunashli and East Azeri fields at the Azeri-Chirag-Gunashli are producing less than the 2010 target; hence, the potential for supply growth remains strong.

Azeri oil supply is projected to increase by 50,000 b/d to average 1.10m b/d in 2010, representing a minor upward revision of 10,000 b/d. compared with the previous month.

The revision in the second quarter was to adjust for updated production data. Quarterly supply stands at 1.01m b/d, 1.09m b/d, 1.13m b/d and 1.19m b/d, respectively.

According to preliminary data, FSU Others oil supply declined by 30,000 b/d in the first half of 2010, compared with the same period the previous year.

The drop required a downward revision that affected the supply in the second half of the year to remain below expectation.

FSU Other oil supply is foreseen to average 430,000 b/d, a minor downward revision of 10,000 b/d from the previous month.

During the first half of 2010, China's oil supply increased by 230,000 b/d over 2009.

Despite the expectation of lower output in the second half of the year, the healthy level of growth, as well as preliminary production figures for July, necessitated the upward revision.

Oil supply from China is projected to grow by 180,000 b/d in 2010 to average 4.03m b/d, an upward revision of 10,000 b/d over the previous month.

The start-up of the shallow water Bozhong 19-4 field in Bohai Bay, with an expected peak of 200,000 b/d within 2010, is supporting growth. Additionally, the resumption of production from 12 per cent of the wells in the Liaohe field, which had been shut down due to flooding is further supporting the upward revision.

Moreover, reports of the expected start-up of the small Hainan Yuedong project has added to this growth.

On a quarterly basis, China's oil supply is seen to average 4.02m b/d, 4.09m b/d, 4.01m b/d and 3.98m b/d, respectively.

Turning to 2011, the OPEC report said non-OPEC oil supply next year is forecast to increase by 360,000 b/d to average 52.42m b/d.

Although growth remained relatively unchanged, the total level was revised up by 150,000 b/d over the previous month. The majority of this revision came due to changes to 2010 supply estimates.

Brazil, Canada, Azerbaijan, Colombia and Kazakhstan are seen to be major contributors to growth in 2011, while Norway, Mexico and the UK are seen to continue to decline.

Risks to the forecast remain high, partially due to the effect of the Gulf of Mexico deep water moratorium, natural decline, as well as technical, political and environmental factors.

On a quarterly basis, non-OPEC supply in 2011 is anticipated to average 52.31m b/d, 52.19m b/d, 52.27m b/d and 52.91m b/d, respectively.

The non-OPEC supply forecast in 2011 experienced a relatively minor upward revision, with projected growth revised by 20,000 b/d, compared with the previous month.

While the supply estimates for many countries in 2011 changed, growth for only a few countries has changed, as the majority of the revisions were done to the base.

Mexico, Oman and Equatorial Guinea encountered minor upward revisions, while supply forecasts for Norway and Sudan experienced minor downward revisions.

Mexico's oil supply was revised up slightly on production stabilization. Equatorial Guinea supply projections showed an upward revision, supported by the expected start-up of the Aseng and Alen fields.

Norway and Sudan's oil supply forecasts were revised slightly down following a re-evaluation of the anticipated decline rate in 2011.

OPEC oil production

Total OPEC crude oil production averaged 29.15m b/d in August, down by 40,000 b/d from the previous month, according to secondary sources.

OPEC production in the month, not including Iraq, stood at 26.80m b/d, down by 40,000 b/d from the previous month.

Crude oil production from Angola, Saudi Arabia, and Venezuela increase by more than 10,000 b/d in August, while crude output from Iran, Kuwait, Nigeria, and the UAE decreased by more than 10,000 b/d.

OPEC output of NGLs and non-conventional oils are forecast to grow by 450,000 b/d in 2010 to average 4.80m b/d, representing a downward revision of 30,000 b/d from the previous month.

In 2011, output of OPEC NGLs and non-conventional oils are expected to increase by 500,000 b/d over the previous year to average 5.30m b/d.

Downstream activity

Looking downstream, the OPEC report said uncertainties about the pace of economic growth and product stocks considerably above historical levels at the end of the driving season kept pressure on product markets, mainly in the Atlantic basin.

The oversupply was concentrated in the gasoline market, as distillates resisted inventory pressure, due to stronger demand across the board.

Fuel oil kept the previous month's gains, driven by Singapore bunker demand. The support gained from distillates and fuel oil avoided a deeper drop in refining margins.

As the cut in refinery runs is not likely to offset the pressure of the stock overhang, the persisting situation in the product markets could continue into the coming season, if economic growth indicators are insufficient to support demand sentiment.

Refining margins for WTI crude oil on the US Gulf Coast fell further in August, dropping from $5.25/b to $4.12/b.

In Europe, the refining industry continued restraining crude runs in an effort to protect margins; however, the bearish gasoline market caused a slight drop, with the margin for Brent crude in Rotterdam falling slightly from $2.4/b to $2/b in August.

In Asia, the very bearish naphtha sentiment from July changed in mid-August on the back of stronger demand from the petrochemical sector and expectations of short supply in the coming months.

Refining margins for Dubai crude oil in Singapore fell slightly from $1.7/b in July to $1.4/b in August.

US refiners cut runs in a failed effort for recovering the margins lost in July, but this could not change the bearish perception amid an overhang of counter-seasonal stocks.

European refiners kept throughputs moderate, considering the risk of a saturated market. Asian refiners have finished the maintenance period and utilization rates are on the rise.

Refinery utilization rates in the US dropped to 88 per cent, the lowest level in two months. The product overhang and the limited arbitrage to other regions generated bearish sentiment, mainly in gasoline at the end of the season, impacting margins.

European refiners have kept moderate utilization rates, in an effort to protect margins. According to preliminary data, European refinery utilization rates have remained in line with the previous month at around 85 per cent.

In Asia, after seasonal maintenance finished, refinery throughputs are on the rise.

Looking ahead, the seasonal maintenance of some refineries could not offset high spare refining capacity around the world. In an oversupplied market characterized by depressed demand, refining operational levels are not expected to rise significantly in the coming months.

The approaching end of the peak driving season and the growing overhang in inventories made refiners reduce throughputs in a failed effort to recover margins lost in July.

According to the Energy Information Administration, US gasoline demand remained relatively high in August with growth of 62,000 b/d y-o-y.

However, the pressure exerted by oversupply across the Atlantic Basin, due to a surplus in Europe, as well as the very bearish sentiment in the market during the second week of August, due to bad economic news, caused the gasoline crack spread on the US Gulf Coast to continue falling from a five-month low of $12.8/b in July to $9.4/b in August.

Middle distillate demand in the US rose slightly, mainly to store heating oil for the winter season, taking into account the market contango structure and export opportunities to Latin America, Africa and Europe.

Despite the record-high stock levels, this gave sufficient support to the gasoil market to recover ground lost in July and the US gasoil crack at the Gulf Coast rose to $10/b at the end of August, representing a sharp improvement from the $6/b seen in the latter part of July.

Oil trade

According to preliminary data, US crude oil imports averaged 9.65m b/d in August, down by 3.23 per cent from July and 9.5 per cent higher than in the same month last year.

The decline in monthly imports reflects the end of the driving season which has been reflected in lower refining runs.

Year-to-date, US crude oil imports averaged 9.45m b/d, up by 2.9 per cent from the same period last year.

Crude oil imports in the US have experienced mixed patterns during 2010, with drops during January–March resulting in a moderate annual increase reflecting the modest economic recovery.

US product imports grew by 11.87 per cent m-o-m to 2.86m b/d in August. Almost all products saw gains in imports, except for jet fuel imports, which declined by 4.5 per cent from the previous month to stand at 77,500 b/d.

Gasoline saw the highest imports in August with 1.15m b/d, an increase of 1.9 per cent over the previous month, followed by fuel oil with 604,000 b/d.

The increase in gasoline imports is also reflected in the increase in motor gasoline stocks.

On the exports side, US oil product exports remained broadly unchanged since the previous month, down slightly by 16,000 b/d.

Product exports in August reached 2.04m b/d. The small decline mirrors the cut in refining runs.

Fuel oil exports are responsible for most of product exports cuts with 1.08m b/d in August, down by 2.3 per cent from the previous month.

Gasoline exports, on the other hand, experienced an increase of 21.6 per cent.

Year-to-date, US product exports averaged 2.11m b/d, up by 8.1 per cent from the same period last year, mostly due to higher refining run rates, as well as the global oil demand recovery.

As a result, US crude oil and total product net imports averaged 10.43m b/d in August, almost the same as in the previous month.

Net crude oil imports were 322,000 b/d lower than in July, averaging 9.62m b/d, while net product imports reached 817,000 b/d, or 64.19 per cent more than a month earlier.

According to the latest official data, US crude oil imports from OPEC averaged 5.19m b/d in June, up by 10.7 per cent from May and 20.7 per cent higher than the same month a year ago.

Canada continued to be the top supplier of crude to the US during June, reaching 2.2m b/d, or ten per cent more than in the previous month.

Saudi Arabian deliveries of crude to the US rose by 23.3 per cent to 1.35m b/d, reaching second place among top suppliers of crude to the US.

US crude imports from Nigeria grew 6.2 per cent to 1.06m b/d, reaching the same level as Mexico, which experienced a significant decline of 17.4 per cent. Venezuela and Iraq were next in line with 850,000 b/d and 630,000 b/d, respectively.

On the product exports side, Mexico product imports from the US reached 432,000 b/d in June, becoming the best purchaser of US products.

The Netherlands product imports from the US grew by 59.8 per cent to 195,000 b/d, thus jumping to second place. Canada came third in the product importers list with 164,000 b/d, just 15,000 b/d over Brazil which experienced an increase of 79.5 per cent.

OPEC product imports from the US reached 105,000 b/d. Ecuador imported 91,000 b/d, followed by Nigeria with 12,000 b/d.

US deliveries of products to Venezuela were only 2,000 b/d, reaching third place among OPEC product importers from US.

US product imports from OPEC Countries dropped by 10.4 per cent. Algerian product exports to the US increased by 5.4 per cent in June to 175,000 b/d, while Venezuelan deliveries of products reached 48,000 b/d and Nigeria 43,000 b/d.

Canada also remained the top oil product supplier to the US in June, averaging 535,000 b/d, up 5,000 b/d on the month.

Russian product exports to the US decreased by 10.5 per cent to 323,000 b/d, while Virgin Island product supplies grew by 26.4 per cent to 244,000 b/d.

According to preliminary data, Japan's crude oil imports increased by 12.3 per cent m-o-m during July to 3.58m b/d.

Crude imports increased by 1.3 per cent over the same month last year. The monthly increase is attributed to higher refining runs at the end of the heavy maintenance season.

During the first seven months of the year, Japanese crude oil imports averaged 3.71m b/d, an increase of 1.3 per cent over the same period last year. Import declines in February and June offset the increase seen during the rest of the year.

OPEC crude oil deliveries to Japan increased by 14.3 per cent m-o-m in July to 3.0m b/d, compared with the same month last year.

Japanese crude oil imports from OPEC declined by 1.1 per cent. Despite the reduction of 11.9 per cent in Saudi Arabia's deliveries of crude oil to Japan, the Kingdom remained Japan's top crude supplier, accounting for 24.2 per cent with 864,600 b/d.

Imports from the UAE, Japan's second-largest crude supplier in July, rose by 22.8 per cent m-o-m and 2.3 per cent y-o-y to 755,700 b/d, while imports from Iran were up 50.1 per cent m-o-m to 460,100 b/d, making it the country's third-largest supplier for the month.

Qatar's crude oil deliveries also declined on a monthly basis by 1.9 per cent to 429,000 b/d, thus being the fourth-largest crude supplier to Japan.

Russia is the only non-OPEC country among the five top suppliers of oil to Japan, and with 313,000 b/d experienced an increase of 41.4 per cent on its deliveries in July.

On a yearly basis, Russian crude oil deliveries to Japan more than doubled the volume of a year ago, mainly to increased imports of

ESPO crude. Japan's ESPO crude import volume in July was the highest since the country recorded its first imports of ESPO.

Japan's product imports dropped by 4.1 per cent in the month to 940,000 b/d, up by five per cent from the same month last year. The monthly decline is partly a consequence of higher domestic refining runs, which is also reflected in higher product exports.

In the period January to July, Japanese product imports averaged 945,800 b/d, up by 14.5 per cent from the same period last year.

Gasoline imports decreased in the month by 40.9 per cent to 13,000 b/d as exports increased by 15.2 per cent to 34,000 b/d, reflecting the increasing refining activity seen during the month.

Diesel imports increased by 3,100 b/d to 14,000 b/d and exports grew by 44.1 per cent to 249,000 b/d as a result of the increasing demand in Asia, as well as remaining high international prices.

In July, naphtha imports increased to 509,000 b/d from the 430,000 b/d seen in June, mostly due too higher refining runs. Fuel oil imports increased by 31.5 per cent m-o-m and exports decreased by 7.1 per cent, due to high refining activity.

Increasing nuclear activities continue impacting fuel oil imports, which on a yearly basis showed a 30.8 per cent decline.

LPG imports dropped by 26.9 per cent in the month to 345,000 b/d as result of high refining activity.

Japan's oil product exports increased by 16.7 per cent in July to 605,000 b/d. The increase is the consequence of higher refining activity, combined with fragile domestic demand and high international prices of gasoline and diesel, which strongly contributed to the total product export increase.

As result, Japan's net oil imports in July stood at 3.91m b/d, representing an increase of 265,000 b/d, or 7.3 per cent, from June, and 78,000 b/d, or two per cent, higher than in the same month last year.

Year-to-date, Japanese net oil imports averaged 4.14m b/d, 4.8 per cent higher than in the same period last year.

China's crude oil imports fell in July for the first time in 16 months. Crude imports averaged 4.49m b/d, down by 3.2 per cent y-o-y.

Imports in July were 17.4 per cent, down from the record high 5.44m b/d imported by China during June.

The decline was mainly due to lower crude throughput on the closure of Dalian Xingang port, caused by a crude pipeline blast and intensive turnarounds of major refineries in the third quarter.

During the first seven months of the year, China imported 4.74m b/d on average, up by 24.1 per cent compared with the same period in 2009.

The country boosted crude imports as domestic refining capacity was expanding and crude reserve storages increased.

Nevertheless, it is expected that crude imports are likely to fall during the second half of this year because of the Chinese government's policies on eliminating real estate speculation.

China imported 881,000 b/d of oil products in July, down by 23.3 per cent from the same month last year, and down 19.1 per cent from June.

Product exports reached 742,000 b/d, an increase of 24.7 per cent over a year ago.

On year-to-date basis, China's product imports decreased by 11.6 per cent to an average of 968,000 b/d, as result of higher refining runs.

Fuel oil imports declined by 25 per cent in July to 425,000 b/d, with most of the decline noticed in South China, where the significant drop was attributed to the popularity of a feedstock cutback of bitumen among Guangdong minor refineries which was used as a substitute for straight-run fuel oil. Exports of fuel oil increased significantly by 41 per cent to 250,000 b/d.

Gasoline exports averaged 87,000 b/d during July, a sharp decline of 24 per cent from June, while up six per cent y-o-y.

Gasoline exports declined as refiners retained more gasoline for the domestic market in the summer high season.

China exported 262,000 b/d of diesel in July, almost four times the amount of diesel exported a month earlier.

Chinese refiners boosted gasoil exports in July to ease inventory pressure, as domestic sales were sluggish. Imports of diesel grew 44 per cent m-o-m to almost 30,000 b/d.

China's naphtha exports sharply declined by 53 per cent in July from the previous month to 16,000 b/d. Naphtha exports declined as chemical plants reduced operation rates on gloomy crude and chemical markets. Naphtha exports declined by 23 per cent to 48,000 b/d.

"China's crude oil imports fell in July for the first time in 16 months. Crude imports averaged 4.49m b/d, down by 3.2 per cent y-o-y."

Jet fuel exports dropped by 13 per cent in July from the previous month to 140,000 b/d.

China trimmed jet fuel exports in the month as refiners in East China needed to meet robust demand around the World Expo in Shanghai, also due to the impact of the pipeline explosion in Dalian.

China's crude oil imports from OPEC decreased by 13.15 per cent in July on a monthly basis, reflecting the cut in crude oil imports.

OPEC deliveries of crude oil to China averaged 2.83m b/d during July. Saudi Arabia became the biggest crude supplier to China again in July, hiking crude exports by 7.7 per cent m-o-m to 965,000 b/d.

Angola remained in second place with 536,000 b/d of crude oil deliveries to China, dropping by 41 per cent from a month earlier.

China also experienced a significant decrease in its imports from Venezuela, Kuwait, Iraq and Nigeria, while imports from Iran and Libya showed positive growth.

Non-OPEC countries contributed only 37 per cent of total China crude oil imports in July. Russian exports to China decreased by 16 per

cent from June, while Oman experienced an increase of 18 per cent.

China's net oil imports in June stood at 4.59m b/d, indicating a decrease of 1.28m b/d, or 22 per cent, from the previous month.

On a yearly basis, China's net oil imports decreased 502,000 b/d, or by 9.9 per cent.

From January to July, net oil imports in China averaged 4.98m b/d for a gain of 16.6 per cent over the same period last year.

India's crude oil imports rose to 3.12m b/d during July, up 31.6 per cent from the same month last year and 1.9 per cent higher than a month earlier.

The increasing demand for crude oil was attributed to higher refining runs, which are also reflected in the increasing exports of oil products.

Despite private refineries experiencing a drop in refining runs, state refineries increased refining activity, offsetting the private sector cuts.

Year-to-date, India's crude oil imports averaged 3.02m b/d, up by 12 per cent from the same period last year.

The rise is partly attributed to increasing domestic refining activity, as well as to stronger demand for products on a national level.

Oil product imports grew by 68.5 per cent m-o-m during July. Most of the increase was seen in gasoline imports, which rose by 42,000 b/d over June, reflecting the increasing car fleet in the country.

"India's crude oil imports rose to 3.12m b/d during July, up 31.6 per cent from the same month last year ..."

Naphtha imports increased by 41,000 b/d as feedstock for refineries, while diesel imports decreased by 43.7 per cent as Indian state refineries increased the amount of local production of diesel.

During the first seven months of the year, India's product imports averaged 336,000 b/d, 4.5 per cent less than in the same period in 2009.

The drop in product imports is the result of higher domestic refining activities.

India's oil product exports, including Reliance Industries' exports, averaged 1.18m b/d during July, up 13.3 per cent compared with June. The increase in state refinery product exports offset the reduction from private refineries.

Fuel oil exports increased by 42.1 per cent and became the biggest contributor to product export growth.

Naphtha exports increased by 23.4 per cent, while gasoline exports remained almost at the same level with a slight increase.

Diesel exports decreased insignificantly by 0.7 per cent as jet fuel exports dropped by 11.8 per cent in July.

India's net oil imports rose to 2.41m b/d in July, up 4.8 per cent from the previous month and 5.3 per cent higher than a year ago.

Net product imports increased 6.9 per cent m-o-m, reflecting the increase in product exports.

FSU crude oil exports in July increased by 4.7 per cent over the previous month to 6.99m b/d, just 27,000 b/d lower than May's record high of 7.01m b/d.

The growth reflects a large increase in shipments along the Transneft system to Black Sea ports and Druzhba destinations and a hike in Kazakh exports on the Caspian Pipeline Consortium (CPC) route and by rail to Georgian and Ukrainian ports.

Russian pipeline crude oil exports rose by 8.5 per cent m-o-m to 4.26m b/d, reflecting the cut in export duty by $30/t to $248.80/t. A large rise in Novorossiysk–Black Sea exports was offset by lower loadings at Baltic ports and Kozmino.

The increase at Novorossiysk reflected the release of stored crude, which was stocked up during the previous month by exporters. Primorsk—Baltic exports were limited by maintenance along pipelines that lead to the port, triggering higher loadings at Pivdenne, the most expensive route for Russian crude exporters.

Tengizchevroil (TCO) increased Russian rail exports of Tengiz to the Black Sea ports of Odessa, Feodosiya and Batumi, as maintenance ended at the field in western Kazakhstan. This also accounted for the rise in deliveries through the CPC pipeline.

Exports to the Iranian port of Neka stopped, as supplies of Turkmen crude were pumped through the BTC pipeline instead. A number of Turkmen crude cargoes continue to load at Georgian ports.

Exports from Russia's Sakhalin Island dropped mostly due to the fall in shipments of Sokol and Vityaz grades. YK Blend exports from Russia's Barents Sea port of Varandey decreased by 6,000 b/d.

Year-to-date crude oil exports averaged 6.82m b/d, an increase of 2.9 per cent over a year ago. Most of the yearly increase is attributed to the rise in Vityaz exports from Russia's Sakhalin Island, and the launch of ESPO Blend exports from the Pacific port of Kozmino.

Russian seaborne crude exports were expected to grow by 3.5 per cent in August to 2.83m b/d and then decline in September because of maintenance at Primorsk, the country's biggest Baltic port, and with zero shipments out of the Ukrainian Black Sea port of Yuzhny.

This would result in expectations for similar levels of FSU crude oil exports during August and lower crude oil exports during September.

Overall product exports from FSU increased in July by 6.9 per cent over the previous month to 3.0m b/d.

Exports of all products were up except naphtha which experienced a decline. Most of the increase was due to the reduction in Russian export duties at the beginning of the month, as exporters stored up products in June in preparation for the cut in taxes.

Gasoline exports in July grew by only 1.5 per cent m-o-m, remaining at low levels, as the modest export of gasoline is attributed to strong domestic demand.

FSU fuel oil and gasoil exports rose in July after a fall in Russian export duties. Fuel oil exports rose compared with a year ago because of the new Novoshakhtinsk refinery and the expansion of the Antipinsky plant.

Higher output at several smaller refineries

also boosted exports. Gasoil exports rose in July, mostly due to the cut in clear product export duties.

Year–to-date, overall product exports from the FSU averaged 3.14m b/d, an increase of 3.5 per cent compared with a year ago.

The increase partly reflects improved navigation conditions as a consequence of higher water levels in rivers. Fuel oil shipments rose substantially in the Baltic, particularly through Estonia's Tallinn.

Stock movements

Concerning stock movements, at the end of August, US commercial oil inventories continued their upward trend for the fifth consecutive month, increasing by 18.4m b and adding almost 80m b to stocks over this period.

At 1,143.3m b, US commercial stocks are at their highest level since January 1993. With this build, the surplus has widened with the five-year average to 122.5m b, or 12 per cent, from ten per cent a month earlier.

This build has also reversed the deficit with a year ago, which has been holding since the beginning of this year, to now show a surplus of 33.7m b, or three per cent.

The bulk of the build in total commercial oil stocks came from products, which increased by 14.7m b, followed by crude, which rose by 3.7m b.

At 361.7m b, US crude oil stocks continued their contra-seasonal build to reach the highest level since April 2009 and representing an overhang of 53m b, or 17 per cent, above the five-year average and 26m b, or 7.8 per cent, higher than a year ago.

This build is driven by the fall in crude oil input to refineries by almost 700,000 b/d to 14.8m b/d, which corresponds to a refinery utilization rate of 87 per cent.

Crude refinery input ended August at the lowest level since 1996. This indicates that refiners are taking into account that the peak of the driving season is coming to an end and that the huge product oversupply is starting to impact the refinery industry.

Lower runs have contributed to the relative recovery in cracking margins.

The build in crude came despite the 170,000 b/d drop in crude oil imports to average 9.6m b/d. Crude stocks at Cushing, Oklahoma, fell 500,000 b at the end of August.

Although this figure is below that of early August, the level of stocks still remained within historical records.

On the product side, US product stocks rose significantly in August for the fifth consecutive month to stand at 781.6m b, the highest since September 2009.

With this build, the overhang with the five-year average widened to around 70m b, or 9.8 per cent, from 8.4 per cent a month earlier.

Product stocks at the end of August are 7.6m b, or one per cent, above a year ago.

Gasoline and distillates rose by 2.4m b and 5.5m b, respectively, while fuel oil and jet fuel stocks fell by 500,000 b and 400,000 b, respectively.

The build in gasoline stocks to 225.4m b came on the back of higher imports, keeping total volumes above 1.1m b/d.

Gasoline demand remained almost unchanged at 9.4m b/d, but the end of the summer season is likely to undermine gasoline demand in the coming weeks.

Gasoline stocks stood 8.5 per cent above a year ago and 12.9 per cent above the five-year average.

Distillate stocks continued to rise, ending the month of August at 175.2m b, leaving them at a very comfortable level of 3.9 per cent above the previous year and 28.4 per cent higher than the historical average. Higher distillate production averaging 4.4m b/d was behind this build.

Demand saw a surprising spike, rising more than 4.0m b/d in August, in line with the ISM manufacturing index, which was much better than expected.

Residual fuel and jet fuel oil stocks stood at 39.7m b and 48.3m b, respectively, both well above the seasonal norm.

Looking forward and with the continually increasing oversupply in both crude and products, the market will likely struggle to find bullish news to support crude prices.

Commercial oil inventories in Japan reversed the slight stock-draw observed last month and increased 2.5m b to 178.0m b, the highest level since July 2009.

With the exception of the small decline in June of 200,000 b, Japanese oil stocks have increased since March, accumulating more than 22m b.

Despite this build, Japanese commercial stocks remained slightly lower by 500,000 b, or 0.3 per cent, than a year ago and 8m b, or 4.3 per cent, below the five-year average.

The build was divided between crude and products as they increased by 1.5m b and 1.1m b, respectively.

At 106m b, Japanese crude oil inventories stood at their highest level since February 2009 to show a build of five consecutive months, accumulating around 20m b over this period.

This build has pushed the surplus with a year ago to 1.6 per cent; however, the deficit with the historical average remained at seven per cent.

The build in commercial crude stocks came on the back of higher crude oil imports of 12.3 per cent versus the previous month, to average 3.6m b/d.

Crude oil imports were also higher by 1.3 per cent, compared with the previous year at the same time. This build came despite an increase of crude throughput of about 400,000 b/d to average 3.45m b/d.

This corresponds to a refinery utilization rate of 74.4 per cent, an increase of 10.6 per cent versus the previous month. The rise in refinery runs came as seasonal maintenance ended.

In coming months, Japanese crude oil stocks could see a further build as some refiners are expended to process less crude as a gloomy economic picture is having a negative impact on oil demand growth.

On the products side, Japanese product inventories in July reversed the downward trend observed last month to increase by 1.1m b to stand at 71.9m b.

Despite this build, product stocks remained at 2.2m b, or three per cent, below a year ago, but remained in line with the seasonal average.

The build in products came despite an increase of total oil product sales, which rose by 5.3 per cent versus the previous month and 4.6 per cent above a year ago in the same month.

The rise in oil sales in July was partly due to the strong rise of 11.4 per cent in gasoline sales. Within products, the picture was mixed; distillates and naphtha stocks saw a build, while gasoline and fuel oil stocks declined.

Distillate stocks rose by 2.4m b to 29.9m b, but remained 13.6 per cent below a year ago and 9.4 per cent lower than the five-year average.

All the components of distillates rose. Indeed, Jet fuel oil stocks went up by 7.6 per cent on the back of higher production, which increased by 13 per cent.

Gasoil stocks rose by 2.8 per cent, driven by higher output and imports as they increased by 26 per cent and 33 per cent, respectively.

Kerosene stocks rose by 15.2 per cent on the back of lower domestic sales, declining by 5.2 per cent, combined with higher production of 14 per cent.

"Japanese total commercial oil stocks declined by 4.7m b to 173.3m b at the end of August, reversing the upward trend observed last month."

Naphtha stocks increased by 2.1m b to 14.2m b. This build could be attributed to healthy imports and production as they increased by 22 per cent and 12 per cent, respectively.

Naphtha stocks stood at almost 30 per cent above a year ago at the same time.

Gasoline stocks fell by 2.0m b to 12.4m b, driven by strong domestic gasoline demand, which increased by 15.1 per cent versus the previous month.

The strong rise in domestic gasoline sales is attributed to the hot summer. Gasoline stocks remained in line with the historical norm, but still 5.2 per cent below a year ago.

Fuel oil stocks declined by 1.3m b to 15.5m b, pushing the deficit with the five-year average to 20.5 per cent, while remaining only 0.8 per cent below a year ago in the same period.

Fuel oil A and fuel oil BC declined by 6.1 per cent and 9.6 per cent, respectively. The drop in fuel oil A stocks could be attributed to the 2.5 per cent decline in production, combined with a 16.5 per cent increase in exports, while the 33 per cent increase in domestic sales was behind the drop in fuel oil BC inventories.

Preliminary data from PAJ showed Japanese total commercial oil stocks declined by 4.7m b to 173.3m b at the end of August, reversing the upward trend observed last month.

With this stock-draw, the deficit with a year ago widened to 4.6 per cent from 0.5 per cent a month earlier, while the gap with the historical norm stood at 9.8 per cent.

The drop was driven by a substantial 8.8m b fall in crude oil stocks, while product inventories abated this draw as they increased by 4.1m b.

The drop in crude oil stocks to 97.3m b put them at the lowest level since April. This drop could be attributed to the rise in refinery runs as utilization rates rose by 1.2 per cent to 82.1 per cent and stood at 6.8 per cent above a year earlier in the same period.

The drop has widened the deficit with the historical norm to 12.4 per cent from 6.9 per cent a month ago.

Total products rose to 76.0m b, with the exception of a 2.0m b fall in naphtha. The bulk of the build in product stocks came from fuel oil and distillate inventories as they increased by 3.0m b and 2.6m b, respectively, while gasoline stocks saw a slight build of 500,000 b.

Despite this build, total product stocks remained at 4.6 per cent below a year ago and 6.2 per cent lower than the seasonal norm.

At the end of July, product stocks held in Singapore reversed the upward trend observed in the previous month and declined by 1.31m b to 46.92m b, leaving them 6m b, or nearly 15 per cent, above a year ago.

Light distillate and fuel oil stocks saw a decline of 1.1m b and 700,000 b, respectively, while middle distillates rose by 560,000 b. Light distillate stocks fell to 10.3m b, the lowest level since February 2010.

This drop was mainly due to lower imports from China on the back of strong demand. It was reported that Chinese exports have fallen to around 403,000 tons from nearly 700,000 tons in April, the peak of this year.

Light distillate stocks dropped to 21.2m b, but remained well above a year ago, indicating a surplus of 5.6m b. The drop could be attributed to lower exports from the Middle East, due to a tighter domestic market.

In contrast, middle distillates rose to 15.5m b, indicating a surplus of 1.3m b, or nine per cent, with the previous year. This build is driven by a sharp increase in post-supply maintenance, which outweighed imports to India and Indonesia.

Product stocks in Amsterdam-Rotterdam-Antwerp ARA at the end of July reversed the trend observed the previous month and declined by almost 2m b to 35.9m b.

Despite this drop, product stocks in ARA remained a slight 400,000 b, or 1.2 per cent, above a year ago.

With the exception of gasoil, all other products fell. The bulk of this decline came from fuel oil, which declined by 1.48m b to 3.9m b, mainly due to higher exports.

Fuel oil stocks remained well above a year ago, showing a surplus of 1.6 per cent.

The fall in gasoline was relatively small to stand at 7.7m b, but remained 26 per cent higher than a year ago.

Jet fuel and naphtha stocks declined by 600,000 b and 200,000 b, respectively, to 5.9m b and 300,000 b. However, they rose compared with a year ago.

In fact, jet fuel stocks showed a surplus of 9.5 per cent, while naphtha stocks indicated a deficit of almost 40 per cent.

Gasoil stocks went up slightly by 270,000 b to 18.05m b on the back of higher imports from Russia and the US. Gasoil oil stocks stood at ten per cent below a year ago.

Table A: World crude oil demand/supply balance															*m b/d*
World demand	**2005**	**2006**	**2007**	**2008**	**2009**	**1Q10**	**2Q10**	**3Q10**	**4Q10**	**2010**	**1Q11**	**2Q11**	**3Q11**	**4Q11**	**2011**
OECD	49.9	49.6	49.3	47.6	45.5	45.9	44.9	45.0	46.0	45.4	46.0	44.9	45.0	46.2	45.5
North America	25.6	25.4	25.5	24.2	23.3	23.5	23.6	23.6	23.8	23.6	23.8	23.8	23.8	24.0	23.8
Western Europe	15.7	15.7	15.5	15.4	14.5	14.2	14.0	14.2	14.3	14.2	14.1	13.8	14.1	14.2	14.1
Pacific	8.6	8.5	8.4	8.0	7.7	8.2	7.3	7.2	7.9	7.7	8.1	7.3	7.2	7.9	7.6
Developing countries	22.7	23.5	24.6	25.5	26.0	26.2	26.6	26.8	26.9	26.6	26.8	27.2	27.4	27.4	27.2
FSU	3.9	4.0	4.0	4.1	4.0	3.9	3.7	4.2	4.2	4.0	4.0	3.8	4.2	4.3	4.1
Other Europe	0.8	0.9	0.8	0.8	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.6	0.6	0.7	0.7
China	6.7	7.2	7.6	8.0	8.3	8.2	8.9	9.0	8.7	8.7	8.7	9.3	9.5	9.2	9.1
(a) Total world demand	**84.1**	**85.2**	**86.4**	**85.9**	**84.5**	**84.9**	**84.8**	**85.7**	**86.6**	**85.5**	**86.1**	**85.7**	**86.7**	**87.7**	**86.6**
Non-OPEC supply															
OECD	20.4	20.1	20.1	19.5	19.6	20.0	19.8	19.4	19.7	19.7	19.7	19.5	19.3	19.7	19.6
North America	14.1	14.2	14.3	13.9	14.3	14.7	14.8	14.5	14.5	14.6	14.6	14.6	14.6	14.8	14.6
Western Europe	5.7	5.3	5.2	5.0	4.7	4.7	4.4	4.3	4.5	4.5	4.5	4.2	4.1	4.3	4.3
Pacific	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.7	0.7	0.6	0.6
Developing countries	11.9	12.0	12.0	12.3	12.6	12.9	12.9	12.8	12.8	12.9	13.0	13.1	13.2	13.4	13.2
FSU	11.5	12.0	12.5	12.6	13.0	13.1	13.2	13.3	13.4	13.2	13.4	13.4	13.4	13.5	13.4
Other Europe	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.6	3.7	3.8	3.8	3.9	4.0	4.1	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Processing gains	1.9	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Total non-OPEC supply	49.6	50.0	50.5	50.4	51.1	52.2	52.2	51.8	52.1	52.1	52.3	52.2	52.3	52.9	52.4
OPEC NGLS and non-conventionals	3.9	3.9	3.9	4.1	4.3	4.6	4.8	4.8	5.0	4.8	5.2	5.3	5.4	5.4	5.3
(b) Total non-OPEC supply and OPEC NGLS	**53.5**	**53.9**	**54.5**	**54.5**	**55.5**	**56.8**	**56.9**	**56.6**	**57.1**	**56.9**	**57.5**	**57.5**	**57.6**	**58.3**	**57.7**
OPEC crude supply and balance															
OPEC crude oil production[1]	30.7	30.5	30.2	31.2	28.7	29.2	29.1								
Total supply	84.2	84.4	84.6	85.7	84.2	86.0	86.0								
Balance[2]	0.1	-0.8	-1.8	-0.1	-0.3	1.1	1.2								
Stocks															
OECD closing stock level *m b*															
Commercial	2587	2668	2572	2697	2665	2682	2761								
SPR	1487	1499	1524	1527	1564	1567	1563								
Total	4073	4167	4096	4223	4229	4249	4324								
Oil-on-water	954	919	948	969	906	873	945								
Days of forward consumption in OECD															
Commercial onland stocks	52	54	54	59	59	60	61								
SPR	30	30	32	34	34	35	35								
Total	82	84	86	93	93	95	96								
Memo items															
FSU net exports	7.7	8.0	8.5	8.5	9.0	9.2	9.4	9.1	9.2	9.2	9.3	9.6	9.2	9.2	9.3
[(a) – (b)]	**30.5**	**31.3**	**31.9**	**31.4**	**29.0**	**28.1**	**27.8**	**29.2**	**29.5**	**28.6**	**28.7**	**28.2**	**29.1**	**29.3**	**28.8**

1. *Secondary sources.*
2. *Stock change and miscellaneous.*

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

Table 1 *above, prepared by the Secretariat's Petroleum Studies Department, shows OPEC's current forecast of world supply and demand for oil and natural gas liquids.*

The monthly evolution of spot prices for selected OPEC and non-OPEC crudes is presented in ***Tables 1 and 2*** *on page 66 while* ***Graphs 1 and 2*** *on page 67 show the evolution on a weekly basis.* ***Tables 3 to 8*** *and the corresponding graphs on pages 68–69 show the evolution of monthly average spot prices for important products in six major markets. (Data for Tables 1–8 is provided courtesy of Platt's Energy Services.)*

Table 1: OPEC Reference Basket crude oil prices, 2009–10

$/b

Crude/Member Country	2009 Aug	Sep	Oct	Nov	Dec	2010 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Weeks 31–35 (week ending) Aug 6	Aug 13	Aug 20	Aug 27	Sep 3
Arab Light – Saudi Arabia	71.42	67.64	73.36	76.54	74.38	76.46	73.32	77.24	82.75	75.50	73.84	72.63	74.21	77.98	75.54	72.91	70.96	72.79
Basrah Light – Iraq	70.73	67.30	72.63	75.55	73.03	75.74	72.25	77.17	81.35	73.15	72.09	72.14	73.39	77.87	74.64	71.87	69.86	71.72
Bonny Light – Nigeria	73.84	68.74	74.41	77.96	75.68	77.39	75.04	80.40	86.14	76.87	76.00	77.04	78.82	84.49	79.76	76.74	74.90	77.16
Es Sider – SP Libyan AJ	72.89	67.44	72.71	76.61	74.23	76.14	73.59	78.85	84.49	74.87	73.65	74.84	76.27	81.94	77.21	74.19	72.35	74.64
Girassol – Angola	72.66	67.69	72.97	76.89	74.53	76.78	73.95	79.45	84.38	75.53	74.85	74.78	76.55	81.28	77.49	74.75	73.26	74.98
Iran Heavy – IR Iran	71.53	66.43	72.54	76.72	74.34	75.72	72.54	76.93	82.09	74.09	71.83	71.07	73.20	76.67	74.50	71.94	70.11	71.93
Kuwait Export – Kuwait	70.97	66.45	72.50	76.54	74.03	75.69	72.27	76.29	81.64	74.23	72.03	70.69	72.42	75.86	73.82	71.19	69.30	71.22
Marine – Qatar	72.02	68.44	73.61	77.78	75.36	77.07	73.91	77.35	83.62	76.58	73.97	72.54	74.48	77.78	75.94	73.18	71.44	73.59
Merey* – Venezuela	65.78	62.88	66.90	70.09	68.63	71.27	68.47	70.65	73.12	65.86	65.10	65.99	67.19	70.86	68.38	65.81	64.52	65.72
Murban – UAE	73.51	69.79	75.06	79.00	76.84	78.19	75.22	79.18	85.38	78.57	75.90	74.42	76.12	79.39	77.57	74.95	73.06	75.19
Oriente – Ecuador	65.26	63.67	68.57	70.05	68.93	72.94	69.38	72.11	75.45	68.62	69.19	68.72	69.27	73.95	70.21	66.98	66.38	69.10
Saharan Blend – Algeria	72.94	67.84	73.36	77.16	74.98	76.79	74.54	79.70	84.99	75.67	75.05	76.49	78.22	83.89	79.16	76.14	74.30	76.50
OPEC Reference Basket	71.35	67.17	72.67	76.29	74.01	76.01	72.99	77.21	82.33	74.48	72.95	72.51	74.15	78.24	75.38	72.68	70.88	72.77

Table 2: Selected OPEC and non-OPEC spot crude oil prices, 2009–10

$/b

Crude/country	2009 Aug	Sep	Oct	Nov	Dec	2010 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Weeks 31–35 (week ending) Aug 6	Aug 13	Aug 20	Aug 27	Sep 3
Minas – Indonesia[1]	75.88	70.25	76.43	80.51	78.67	79.82	76.12	81.60	90.24	82.47	78.87	75.59	77.93	79.51	79.27	77.64	75.47	77.07
Arab Heavy – Saudi Arabia	71.03	66.16	72.35	76.72	74.00	75.60	71.98	75.87	81.13	73.72	71.19	69.59	71.42	74.66	72.86	70.23	68.39	70.28
Brega – SP Libyan AJ	73.24	67.79	73.06	76.96	74.58	76.49	73.84	79.10	84.89	75.37	74.35	75.49	77.12	82.79	78.06	75.04	73.20	75.46
Brent – North Sea	72.84	67.39	72.76	76.66	74.28	76.19	73.64	78.90	84.79	75.57	74.85	75.64	77.07	82.74	78.01	74.99	73.15	75.35
Dubai – UAE	71.36	67.74	73.15	77.69	75.42	76.69	73.40	77.31	83.59	76.49	73.99	72.49	74.28	77.46	75.71	73.15	71.25	73.36
Ekofisk – North Sea	73.36	68.31	73.71	77.56	75.24	77.39	74.48	79.71	85.59	75.96	76.15	76.75	78.22	83.11	79.11	76.26	74.67	76.39
Iran Light – IR Iran	72.64	67.55	72.86	76.72	73.87	75.62	72.87	77.70	82.70	73.21	73.13	73.39	75.06	79.64	76.09	73.23	71.57	73.34
Isthmus – Mexico	71.04	67.16	72.91	75.99	73.05	76.10	74.06	79.00	83.42	73.73	73.41	74.30	75.50	80.97	76.78	73.66	71.73	72.69
Oman – Oman	71.59	68.27	73.34	77.85	75.48	77.01	73.85	77.72	83.67	76.75	74.18	72.59	74.57	77.84	76.01	73.31	71.51	73.68
Suez Mix – Egypt	69.53	64.35	69.83	73.42	70.83	73.12	70.04	74.00	79.70	70.42	71.47	70.91	72.58	76.73	72.74	70.80	70.04	72.45
Tia Juana Light[2] – Venez.	69.83	66.22	71.74	74.85	71.81	74.66	72.87	77.50	81.67	72.04	71.65	72.74	74.07	79.43	75.32	72.26	70.36	71.22
Urals – Russia	72.27	67.09	72.67	76.32	73.88	76.09	72.84	77.04	82.51	74.10	74.37	73.80	75.45	79.57	75.69	73.75	72.86	75.19
WTI – North America	71.05	69.34	75.73	77.84	74.41	78.30	76.34	81.25	84.44	73.65	75.29	76.11	76.62	81.92	78.17	74.84	72.92	73.90

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

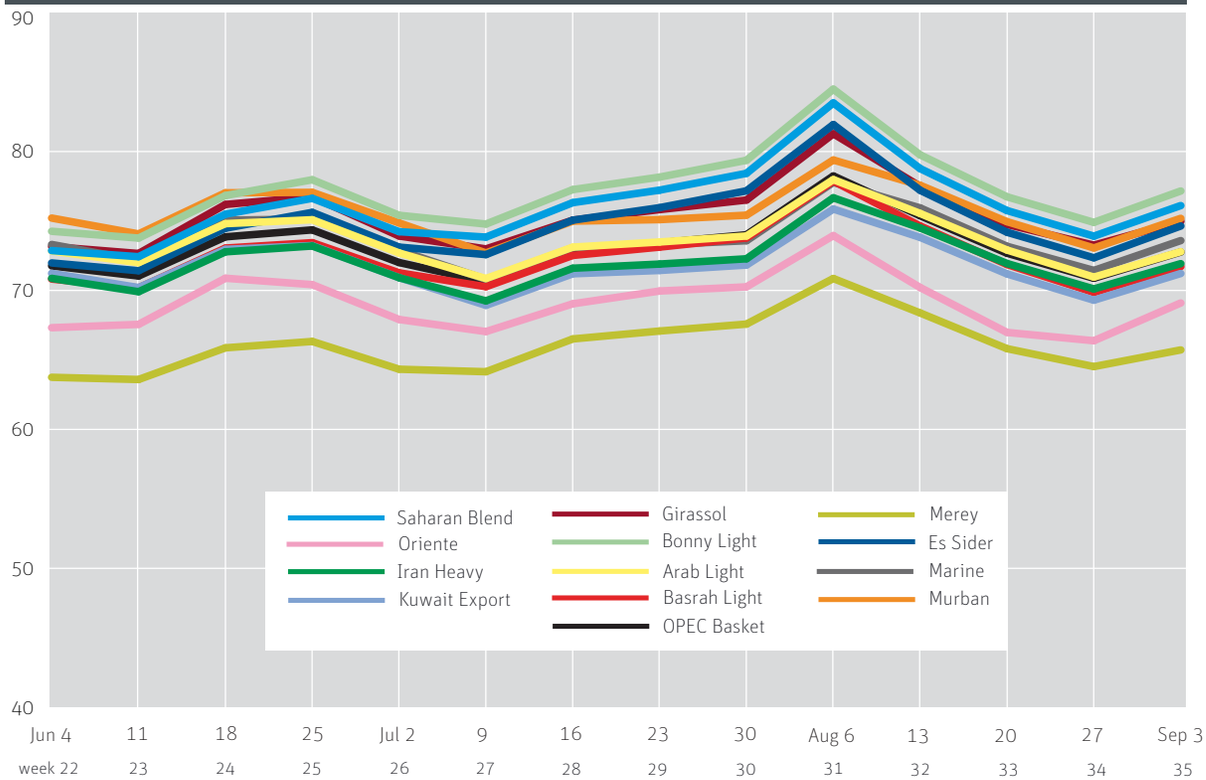
* *Upon the request of Venezuela, and as per the approval of the 111th ECB, BCF-17 has been replaced by Merey as of January 2009. The ORB has been revised as of this date.*

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

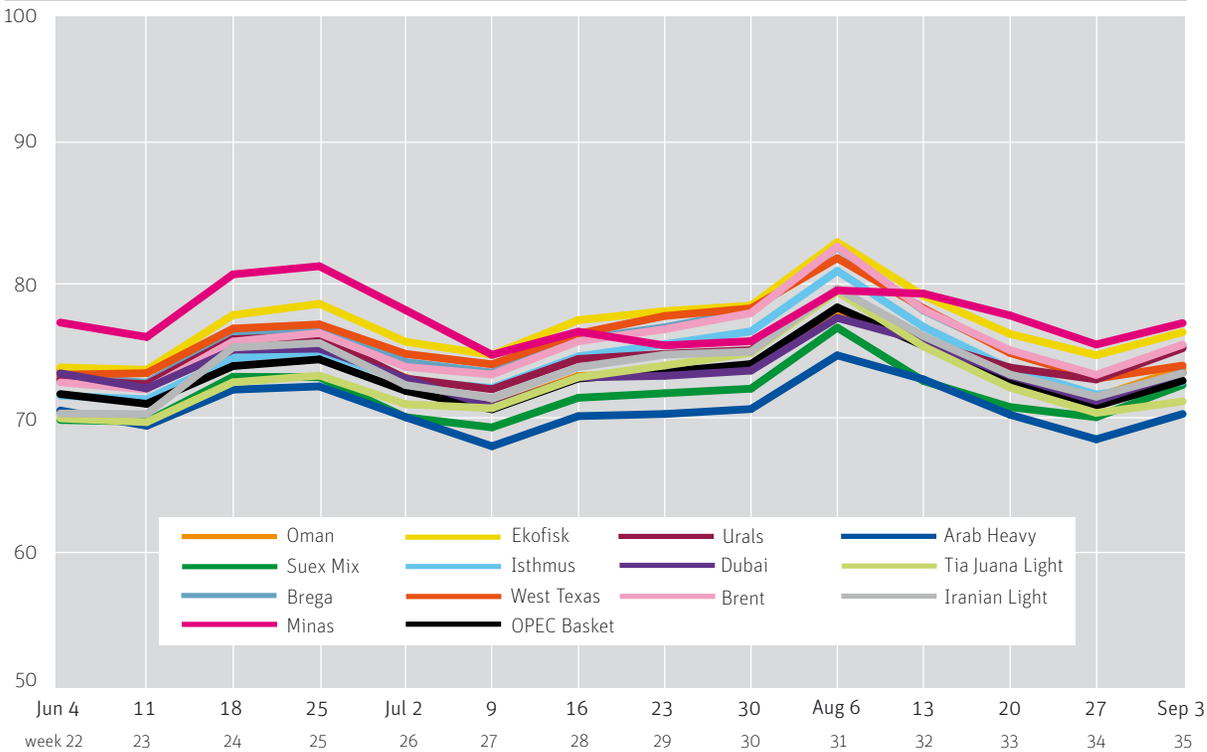
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.

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

Graph 1: Evolution of the OPEC Reference Basket crudes, 2010 *$/b*



Graph 2: Evolution of spot prices for selected non-OPEC crudes, 2010 *$/b*



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

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

$/b

		naphtha	regular gasoline unleaded	premium gasoline 50ppm	diesel ultra light	jet kero	fuel oil 1%S	fuel oil 3.5%S
2009	August	70.85	72.78	83.06	79.99	79.89	67.78	66.21
	September	65.82	65.55	74.81	74.77	76.57	64.52	62.96
	October	69.17	68.89	79.16	81.60	82.53	68.35	66.93
	November	74.60	72.67	83.50	83.25	85.40	73.68	71.03
	December	75.35	70.59	79.68	81.62	83.56	69.02	68.36
2010	January	79.05	71.54	84.65	84.11	86.46	72.55	71.29
	February	75.07	72.19	83.11	81.53	83.38	69.94	67.51
	March	80.82	71.87	92.38	88.75	89.50	73.25	70.47
	April	81.43	71.29	94.75	95.83	96.16	76.70	73.31
	May	75.25	72.22	85.03	87.79	88.68	70.16	67.44
	June	72.81	72.97	86.01	70.03	64.66	70.33	66.24
	July	69.33	73.31	86.85	69.10	64.77	71.28	66.74
	August	73.29	73.65	86.77	71.10	69.01	72.50	68.62

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

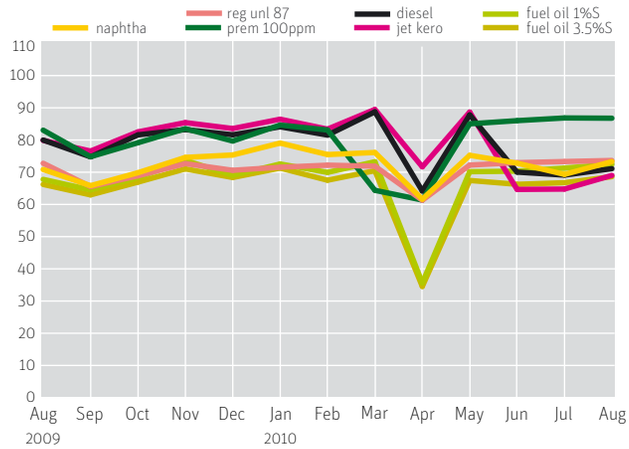


Table and Graph 4: South European market — spot cargoes, fob Italy

$/b

		naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1%S	fuel oil 3.5%S
2009	August	69.32	24.55	31.98	68.04	66.86
	September	64.30	22.77	29.66	64.92	63.10
	October	67.57	24.32	31.68	68.18	67.11
	November	72.83	26.21	34.15	72.97	71.00
	December	73.04	26.29	34.25	69.92	68.20
2010	January	76.30	27.10	35.18	72.10	70.82
	February	72.61	28.00	35.31	69.58	67.38
	March	78.63	27.55	35.24	72.39	68.79
	April	79.52	26.58	34.30	76.90	73.02
	May	73.26	89.27	89.27	69.78	66.58
	June	70.99	89.95	90.04	68.04	65.99
	July	66.56	89.97	90.70	70.62	65.61
	August	71.39	89.97	90.70	71.80	68.87

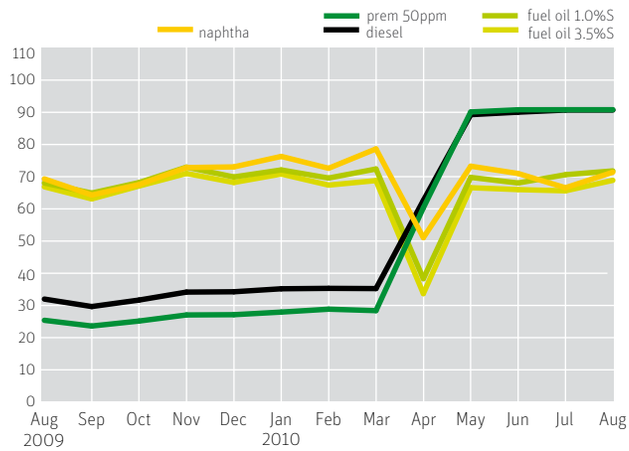
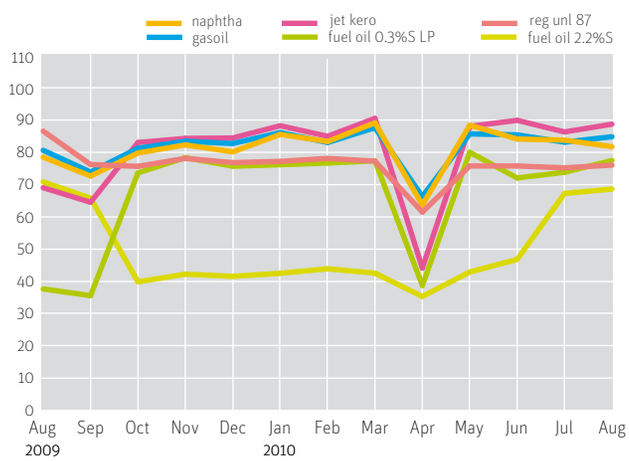


Table and Graph 5: US East Coast market — spot cargoes, New York

$/b, duties and fees included

		naphtha	regular gasoline unleaded 87	gasoil	jet kero	fuel oil 0.3%S	fuel oil 2.2%S
2009	August	75.27	86.58	78.49	80.62	69.05	37.71
	September	68.97	76.22	72.67	73.89	64.55	35.63
	October	75.66	79.71	81.17	82.95	73.56	39.80
	November	78.12	82.30	83.42	84.31	78.34	42.29
	December	76.81	80.13	82.73	84.44	75.70	43.29
2010	January	77.68	85.54	86.11	88.23	76.17	42.67
	February	78.10	83.34	83.05	84.96	76.68	42.74
	March	77.27	89.13	87.63	90.51	77.38	42.16
	April	76.76	94.96	92.79	95.13	79.53	42.63
	May	75.77	88.39	85.69	88.03	80.00	42.95
	June	76.62	84.12	85.41	89.91	72.06	46.84
	July	75.19	83.78	83.14	86.31	73.83	67.26
	August	76.05	81.74	84.83	88.71	77.47	68.63



Source: Platts. Prices are average of available days.

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

$/b

		naphtha	gasoil	jet kero	fuel oil 2%S	fuel oil 2.8%S
2009	August	74.51	24.93	80.47	64.29	62.76
	September	68.22	23.20	74.72	60.96	59.45
	October	74.90	25.78	82.99	65.50	63.97
	November	77.85	26.46	84.70	70.04	66.96
	December	78.45	26.18	84.67	68.60	66.96
2010	January	82.37	27.12	87.67	70.31	68.83
	February	80.25	26.18	84.94	71.75	70.57
	March	85.40	27.63	89.96	74.99	73.99
	April	88.59	29.41	96.02	77.41	76.40
	May	81.08	27.03	88.07	70.78	69.65
	June	81.67	26.93	87.77	70.14	68.99
	July	79.60	26.29	86.41	70.51	69.36
	August	77.25	27.07	89.08	71.88	70.80

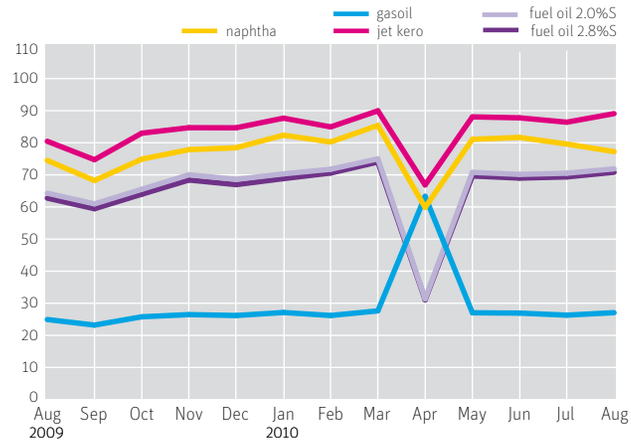


Table and Graph 7: Singapore market — spot cargoes, fob

$/b

		naphtha	premium gasoline unl 95	premium gasoline unl 92	diesel ultra light	jet kero	fuel oil 180 Cst	fuel oil 380 Cst
2009	August	70.37	82.13	80.13	80.34	78.67	68.23	68.03
	September	66.80	75.63	73.84	75.80	74.58	66.36	66.30
	October	69.20	77.71	76.05	81.95	80.07	68.85	68.86
	November	76.21	81.89	79.88	85.29	83.24	72.84	72.90
	December	78.28	81.85	78.95	82.69	83.24	72.79	72.65
2010	January	80.66	88.01	84.87	85.89	85.87	75.55	75.11
	February	75.76	86.49	83.55	83.30	82.23	71.88	71.15
	March	80.84	90.86	88.48	88.63	87.49	73.04	71.89
	April	83.13	94.06	95.24	95.91	94.82	76.33	75.57
	May	77.43	85.12	88.30	89.24	88.12	71.10	71.15
	June	72.42	83.26	81.54	87.36	86.64	71.45	68.31
	July	68.57	82.42	81.99	86.32	85.32	69.68	68.46
	August	73.31	82.52	80.83	88.10	87.23	71.32	69.58

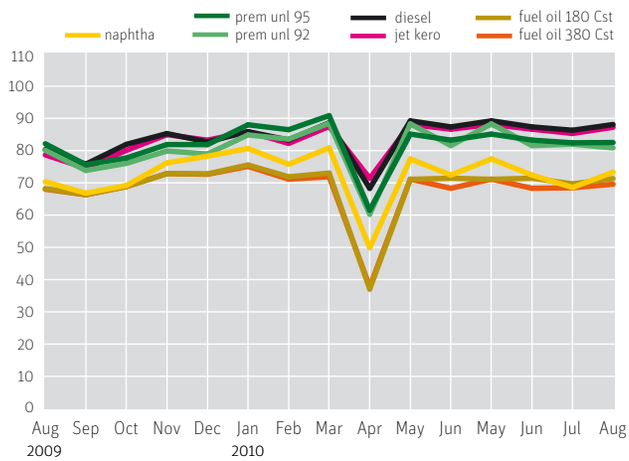
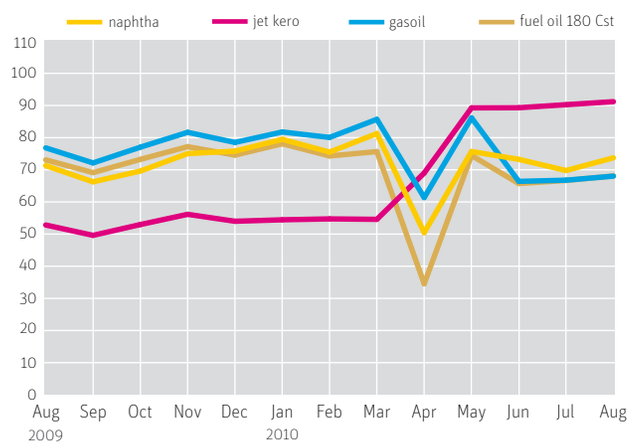


Table and Graph 8: Middle East Gulf market — spot cargoes, fob

$/b

		naphtha	gasoil	jet kero	fuel oil 180 Cst
2009	August	71.30	76.83	52.83	73.11
	September	66.26	72.14	49.61	69.12
	October	69.61	77.04	52.97	73.24
	November	75.04	81.66	56.15	77.20
	December	75.80	78.51	53.99	74.57
2010	January	79.49	81.77	54.45	78.10
	February	75.51	80.07	54.73	74.31
	March	81.27	85.71	54.59	75.66
	April	81.87	93.51	54.48	79.88
	May	75.69	86.17	89.27	74.46
	June	73.25	66.40	89.31	65.72
	July	69.77	66.77	90.26	66.69
	August	73.73	68.03	91.20	68.10



Source: Platts. Prices are average of available days.

Forthcoming events

Canadian unconventional resources and international petroleum conference, October 19–21, 2010, Calgary, AB, Canada. Details: Society of Petroleum Engineers, PO Box 833836, Richardson, TX 75083-3836, USA. Tel: +1 972 952 393; fax: +1 972 952 9435; e-mail: spedal@spe.org; website: www.spe.org.

European future energy forum 2010, October 19–21, 2010, London, UK. Details: ExCeL London, One Western Gateway, Royal Victoria Dock, London E16 1XL, UK. Tel: +44 20 7069 5000; email: info@excel-london.co.uk; website: www.europeanfutureenergyforum.com.

Planning and economics of refinery operations, October 19–22, 2010, London, UK. Details: Energy Institute, 61 New Cavendish Street, London W1G 7AR, UK. Tel: +44 207 467 7116; fax: +44 207 580 2230; e-mail: jwarner@energyinst.org.uk; website: www.energyinst.org.uk.

International exhibition electric and power infrastructure of the south of Russia, October 20–22, 2010, Krasnodar, 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: oil-gas@ite-exhibitions.com; website: ite-exhibitions.com.

5th LPG trade summit, October 25–26, 2010, Abu Dhabi, UAE. Details: Centre for Management Technology, 80 Marine Parade Road #13-02, Parkway Parade, 449269 Singapore. Tel: +65 6345 7322/6346 9132; fax: +65 6345 5928; e-mail: cynthia@cmtsp.com.sg; website: www.cmtevents.com.

Crude to bunkers, October 25–26, 2010, Singapore. Details: Conference Connection Administrators Pte Ltd, 105 Cecil Street #07-02, The Octagon, 069534 Singapore. Tel: +65 6222 0230; fax: +65 6222 0121; e-mail: info@cconnection.org; website: www.cconnection.org.

ERTC hydrocracking training course, October 25–27, 2010, London, UK. Details: Global Technology Forum, Highview House, Tattenham Crescent, Epsom Downs, Surrey KT18 5QJ, UK. Tel: +44 1737 365100; fax: +44 1737 365101; e-mail: events@gtforum.com; website: www.gtforum.com.

Overcoming petrophysical challenges in the Middle East reservoirs, October 25–27, 2010, Dubai, UAE. Details: Society of Petroleum Engineers, Dubai Knowledge Village, Block 17, Offices S07-S09, PO Box 502217, Dubai, UAE. Tel: +971 4 390 3540; fax: +971 4 366 4648; e-mail: spedub@spe.org; website: www.spe.org.

The 10th Annual energy Caribbean 2010, October 25–27, 2010, London, UK. 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.

Arctic oil and gas conference, October 26–28, 2010, Oslo, Norway. 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.

CIS oil and gas transportation, October 26–28, 2010, Istanbul, Turkey. 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.

Iraq mega projects, October 26–28, 2010, Istanbul, Turkey. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.thecwcgroup.com.

Next-generation biofuels, October 26–28, 2010, Chicago, Il, USA. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.events.platts.com.

Russian oil and gas technical conference and exhibition, October 26–28, 2010, Moscow, Russia. Details: Society of Petroleum Engineers, Part Third Floor East, Portland House, 4 Great Portland Street, London W1W 8QJ, UK. Tel: +44 207 299 3300; fax: +44 207 299 3309; e-mail: spelon@spe.org; website: www.spe.org.

Strategic management of oil and gas assets and companies, October 26–28, 2010, London, UK. Details: Energy Institute, 61 New Cavendish Street, London W1G 7AR, UK. Tel: +44 207 467 7116; fax: +44 207 580 2230; e-mail: jwarner@energyinst.org.uk; website: www.energyinst.org.uk.

Developing European gas supply infrastructure, October 27–28, 2010, Brussels, Belgium. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.events.platts.com.

Gas to liquids 2010, October 27–28, 2010, London, UK. Details: SMi Group Ltd, Unit 122, Great Guildford Business Square, 30 Great Guildford Street, London SE1 0HS, 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.

Singapore international energy week, October 27–November 4, 2010, Singapore. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.events.platts.com.

Appalachian gas, October 28–29, 2010, Pittsburgh, PA, USA. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com.

Financing US power, October 28–29, 2010, New York, NY, USA. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.events.platts.com.

Natural gas dynamics, October 28–29, 2010, Singapore. Details: Conference Connection Administrators Pte Ltd, 105 Cecil Street #07-02, The Octagon, 069534 Singapore. Tel: +65 6222 0230; fax: +65 6222 0121; e-mail: info@cconnection.org; website: www.cconnection.org.

Vietnam oil, gas and power, October 28–29, 2010, Hanoi, SR of Vietnam. Details: Centre for Management Technology, 80 Marine Parade Road #13-02, Parkway Parade, 449269 Singapore. Tel: +65 6345 7322/6346 9132; fax: +65 6345 5928; e-mail: cynthia@cmtsp.com.sg; website: www.cmtevents.com.

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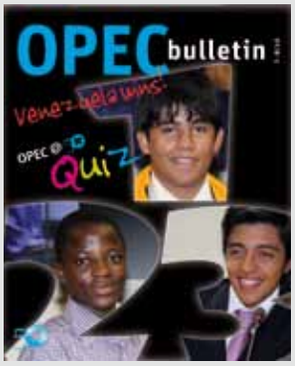

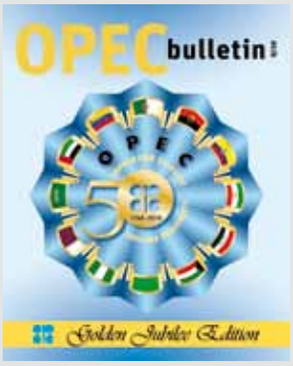

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