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Special Edition

Declaration of Cooperation

1 ANNIVERSARY

Forging history

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A year on from December

It is sometimes said that history is forged by ordinary people doing extraordinary things. The tides of the affairs of mankind, their ebbs and flows, are driven by such extraordinary acts. Significant moments are marked by the decisive actions and words of people shouldering responsibility to address a common challenge. We hasten to add — perhaps unnecessarily — that such actions and words are rarely the product of one solitary individual acting alone or unilaterally. More often than not, they are the consequence of individuals working together, of groups forming partnerships, of stakeholders sharing a vision.

It is with such ideas and concepts in mind that we should view the landmark 'Declaration of Cooperation' of December 10, 2016. This decision by OPEC's 14 Member Countries and the ten non-OPEC oil producing nations that chose to participate underlined the shared resolve they all had in achieving an accelerated realignment of global oil supply and demand at a time of critical importance.

In this Special Edition of the *OPEC Bulletin,* we celebrate and honour the 'Declaration of Cooperation' — not only because it is historic in itself but also because it is a noteworthy achievement on so many other levels: It is the first production adjustment since Oran 2008. It is the first time that participating non-OPEC countries are committed to a joint agreement for production adjustment. It allows for Iraq to be effectively part of the production management for the first time since 1998, while separately, it includes a compromise solution accepted by IR Iran that takes into account its temporary special circumstances with a cap on its production. It establishes an OPEC and non-OPEC Joint Ministerial Monitoring Committee to monitor the implementation and compliance of the decision and to demonstrate the joint commitment to and collaboration in production adjustments. It institutionalized a framework for structured, sustained and transparent partnership with non-OPEC countries. Finally, the Declaration and the extensive work that went into it have been openly shared with the public to reflect its credible, equitable, transparent, measurable and verifiable features.

Any one of these achievements alone would be worthy of celebration and proper tribute; but taken all together, the many achievements of the 'Declaration of Cooperation' mark an era — one which those who come after us will look to for inspiration and those who were involved will recall with pride.

With the 'Declaration of Cooperation', the 24 producers upheld their responsibility for oil market stability in the interest of all oil producing and consuming countries. Their monumentally significant decision, taken after extensive rounds of consultations in order to address the prevailing market realities at the time, were considered to be much more than just a short-term 'fix'; they were seen as essential in the medium- and long-term as well. As a result, the Declaration demonstrated and even exemplified a commitment to the global community in shared efforts to restore and sustain market stability with positive and broad implications for the world economy, the oil industry and oil producing countries.

The signatories of the 'Declaration of Cooperation', as has been well-documented in various other media, further agreed to reinforce their decision of implementing a production adjustment through a Joint Ministerial Monitoring Committee, consisting of oil ministers, co-chaired by Kuwait and the Russian Federation, and assisted by the OPEC Secretariat. In a joint effort to strengthen and institutionalize their collaborative actions through a structured programme of joint activities and regular meetings, they all agreed to regularly review the status of their cooperation at technical and ministerial levels. Thus, one could also see that the mechanisms and tools created by the Declaration all embody the spirit of cooperation that undergirds the Declaration itself.

Those were the apparent conditions surrounding the Declaration. But beyond the meetings and behind the Declaration itself, lay another important aspect: the profound and unprecedented amicable coming together of a group of disparate oil producers. The Declaration is, in this sense, the public manifestation of a consensus-building spirit that animated all 24 producers. It motivated them and invigorated them in such a way that they repeatedly chose to meet in an indefatigable attempt to find a way out of the dire situation then faced by the oil market, which also threatened the long-term health of the oil industry and the many stakeholders around the world which depended on it.

It's worth recalling that the background conditions were, at the time tempestuous. Crude oil prices had been trapped in a downward slide since mid-2014, primarily driven by supply levels. The *OPEC Reference Basket* price fell by an extraordinary 80 per cent between June 2014 and January 2016. An abundance of supply above market requirements, coming from North America and elsewhere, turned into a significant stock overhang for both crude and products, which further pressured oil market and prices.

The consequences of this low oil price environment were manifold, not least of which was the threat to the global economy. This fact had been highlighted by other leading world economic institutions such as the IMF, OECD and WTO. In addition, there were other negative consequences that included low and falling growth along with rising inequality; weak trade and financial distortions, which had damaged global growth prospects; and uncertainties with regard to geopolitical developments, the European immigration crisis and the uncertainties surrounding the final outcome of the Brexit negotiations.

But despite all these sources of uncertainty and the different kinds of challenges they represented, the 24 signatories of the Declaration found ways to see beyond parochial concerns and view the problem together, collectively, with the aim of finding a way forward that might benefit all of them — as well as the world as a whole.

On many other occasions, capable men and women facing different, unrelated and lesser challenges have fallen short, and have been unable to come together for the greater good. In the case of the 24 producer countries, they managed to rise to the occasion, amid extensive consultations and multiple rounds of shuttle diplomacy, and produced an extraordinary action that has changed the course of history.

While we are still looking forward to the continuing implementation of the market rebalancing long sought by so many, the progress made in the year has been remarkable. Furthermore, the relationships built and the ties made have been exemplary — and they are now serving as a model of how to tackle other problems in the future. Whether it is the sharing of technical know-how or creating partnerships to collaborate on research projects or simply meeting to share different and sometimes divergent outlooks on the market, a precedent has been set for all future work — one in which dialogue and communication become essential tools to address collective problems.

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Cover
This month's cover reflects the first anniversary of the 'Declaration of Cooperation' signed on December 10, 2016.

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OPEC Membership and aims
OPEC is a permanent, intergovernmental Organization, established in Baghdad, on September 10–14, 1960, by IR Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. Its objective — to coordinate and unify petroleum policies among its Member Countries, in order to secure a steady income to the producing countries; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the petroleum industry. Today, the Organization comprises 14 Members: Qatar joined in 1961; Libya (1962); United Arab Emirates (Abu Dhabi, 1967); Algeria (1969); Nigeria (1971); Angola (2007); Equatorial Guinea (2017). Ecuador joined OPEC in 1973, suspended its Membership in 1992, and rejoined in 2007. Indonesia joined in 1962, suspended its Membership on December 31, 2008, reactivated it on January 1, 2016, but suspended its Membership again on December 31, 2016. Gabon joined in 1975 and left in 1995; it reactivated its Membership on July 1, 2016.

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CHAIRMAN

History in the making

The 10th of December 2016 — the day of the 1st OPEC and non-OPEC Ministerial Meeting — is a day that will long not be forgotten in energy history. On this day in Vienna, Austria, at the OPEC headquarters, 13 OPEC Member Countries and 11 non-OPEC countries committed to a sizable adjustment in crude oil production, known as the 'Declaration of Cooperation', to help correct a powerful market imbalance which had started in the summer of 2014 and had come to represent the longest down cycle in the industry's history.

Declaration of Cooperation

Participating countries

Algeria, Angola, Ecuador, Equatorial Guinea, Gabon, IR Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, UAE, Venezuela, OPEC

Azerbaijan, Bahrain, Brunei Darussalam, Kazakhstan, Malaysia, Mexico, Oman, Russian Federation, South Sudan, Sudan

non-OPEC

After a great deal of lobbying and what has come to be termed "shuttle diplomacy" throughout 2016, 24 leading global oil producers, representing both OPEC and non-OPEC countries, managed something remarkable: the signing of a landmark agreement to undertake output adjustments in order to help rebalance the oil market.

It was the first such cooperation between OPEC and non-OPEC oil producing countries in 15 years — and the market reacted

OPEC and non-OPEC Ministers during the signing of the 'Declaration of Cooperation'.

immediately, with a return of investor confidence. By late December 2016, the OPEC Reference Basket had improved by nearly 20 per cent over the previous monthly average to reach $51.67/barrel, the first time the Basket had ended above $50/b in 18 months.

The 'Declaration of Cooperation' represented a concerted effort to accelerate the stabilization of the global oil market through voluntary adjustments in total production of around 1.8 million barrels/day. At a second joint OPEC/non-OPEC Producing Countries' Ministerial Meeting, held on May 25, 2017, parties decided to extend the voluntary production adjustments for another nine months commencing on July 1, 2017. This reconfirmed the commitment of the participating countries to achieve their noble goal.

This lengthy and rewarding process has led to the return of broad-based optimism on oil market prospects and a general comeback in investor confidence. More than this, a framework for cooperation has been put in place that will provide the oil industry with the tools needed to quickly respond to future imbalances.

Dire conditions requiring action

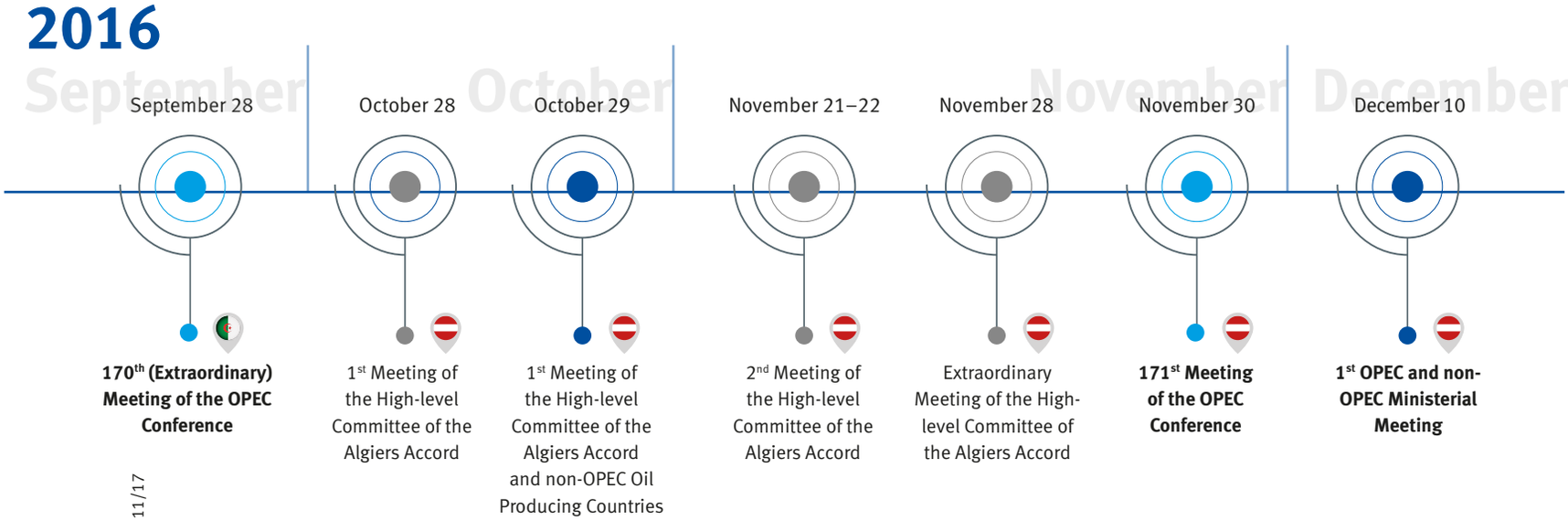
The repercussions of the downturn which started in mid-2014 were being felt throughout the entire international oil and gas sector by producers, consumers and investors alike by the beginning of 2016. It was marked by a dramatic price decline, with the OPEC Basket falling by an unprecedented 80 per cent between June 2014 and January 2016. This was the largest percentage fall in the six episodes of sharp price declines observed over the past four decades.

Supply outpaced demand, which in turn led to a sharp build in global inventories in this time frame. Over the course of 2016, OECD commercial oil stock levels fell somewhat but remained more than 300m b over the five-year average. There was a dramatic rise in non-OECD inventories, along with expansion in some non-OECD strategic petroleum reserves. The industry struggled under weighty pressure.

The reverberations of this price shock also strongly affected the world economy. Many thousands of oil workers found themselves unemployed, producing countries saw their oil revenues cut in half or worse, and investment ceased, threatening future supply. In both 2015 and 2016, a dramatic contraction in oil industry investments led to combined spending for oil and gas exploration and production falling by more than $300 billion over the two years — 26 and 22 per cent per year, respectively.

In 2016, the gravity of the cycle became apparent to both producers and consumers alike. As it has done many times in the past, OPEC intensified its long-standing dialogue with other global actors in the energy industry and the oil market in particular. It built new pathways of communication to reach out to even more oil producing and industry participants.

Throughout the year, OPEC undertook numerous



The OPEC/non-OPEC Ministerial Meeting was jointly chaired by Dr Mohammed Bin Saleh Al-Sada (second r), President of the OPEC Conference and Minister of Energy and Industry of Qatar; and Alexander Novak (second l), Minister of Energy of the Russian Federation; here with Mohammad Sanusi Barkindo (r), OPEC Secretary General; and Eng Mohamed Hamel (l), Algerian Governor to OPEC, and Chairman of the OPEC Board of Governors (in 2016).

bilateral and multilateral meetings and consultations concerning these challenges. These consultations gathered pace at the beginning of August 2016 with OPEC Secretary General, Mohammad Sanusi Barkindo, many OPEC and non-OPEC ministers, as well as heads of state and governments engaging in the process of rebalancing the oil market, and expressing their views on the need to see sustainable stability return.

This initially led to a decision at the landmark 170th (Extraordinary) Meeting of the OPEC Conference in Algeria on September 28, 2016, at which the Conference opted for a production target for OPEC Member Countries ranging from between 32.5 and 33m b/d. This became known as the Algiers Accord. OPEC Members overcame their differences and took a collective decision for the good of the market, the industry and producers and consumers everywhere.

The decision focused on the urgent need to stimulate acceleration of the drawdown of the stock overhang, bring market rebalancing forward and ensure that much-needed investment returns to the industry. Additionally, it initiated a process of consultations between OPEC and non-OPEC oil producing countries to establish a platform from where these producers could take pro-active measures that would ensure a balanced oil market on a sustainable basis.

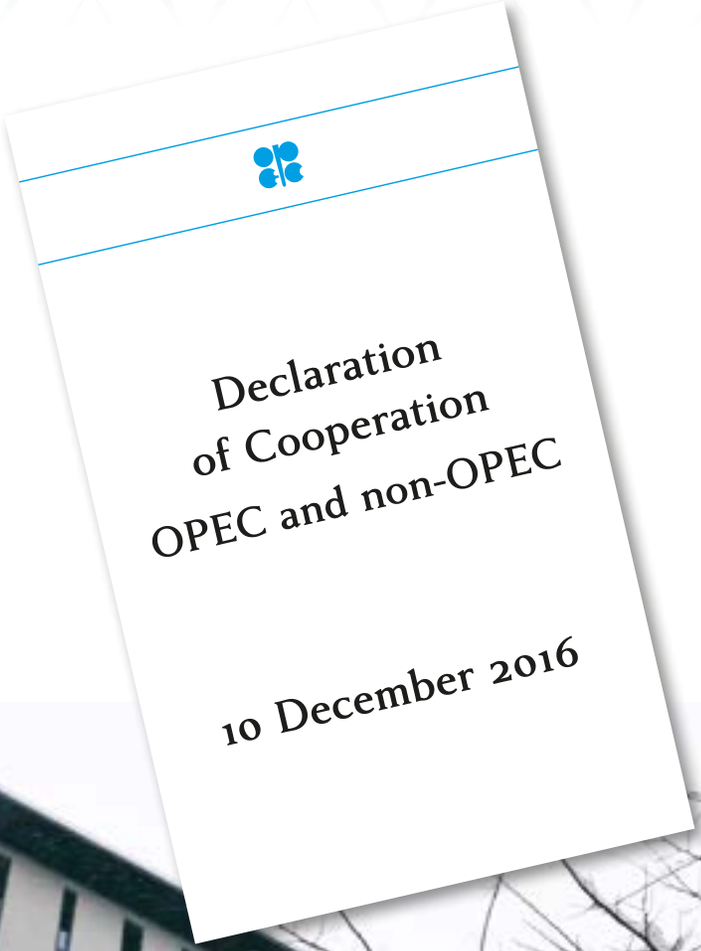
Ongoing consultations and consensus-building

In the latter part of 2016, OPEC continued to use other platforms — like the G24 Ministerial Meeting and the IMF/World Bank meetings in Washington (October 7–9) and the World Energy Congress in Istanbul (October 10–13) — to undertake additional consultations with non-OPEC producers.

They intensively discussed market outlooks, joint collaboration, and the possible implementation of a broad-based production adjustment. OPEC's Secretary General also conducted personal visits to nearly all Member Countries in an effort to consolidate the decision reached in Algiers.

During these consultations, which extended to many non-OPEC oil producing countries, all agreed that OPEC and non-OPEC dialogue should be institutionalized and that a way should be found to achieve concrete production results.

An exhaustive process was underway to turn the decision of the 170th (Extraordinary) Meeting of the OPEC Conference into a lasting and viable solution for oil market stability. The courage, dedication and compromise of every OPEC Member Country finally led to OPEC's landmark agreement on November 30 at the 171st Meeting



of the Conference, which saw the Conference decide to adjust production down by about 1.2m b/d and implement a new OPEC production target of 32.5m b/d, effective from January 1, 2017.

This was the first production adjustment made by OPEC since the 'Oran Decision' at the 151st (Extraordinary) Meeting of the OPEC Conference in December 2008. The decision also established a framework for sustained, structured and transparent dialogue and collaboration with non-OPEC countries.

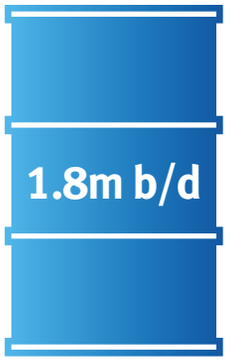
These ongoing and interrelated efforts led soon after to a decision made by a group of non-OPEC producers to adjust production at a joint OPEC/non-OPEC ministerial level meeting in Vienna on December 10, which came to be known as the 'Declaration of

The OPEC Secretariat in Vienna, Austria, venue of the 1st OPEC and non-OPEC Ministerial Meeting.

Cooperation'. Eleven non-OPEC producers sat down with OPEC Member Countries in the Austrian capital on that day and agreed to a combined output reduction of around 600,000 b/d.

This amount, added to the 1.2m b/d output reduction already decided upon by OPEC at its 171st Ordinary Meeting of the Conference, meant that, from the beginning of 2017, some 24 of the world's oil producers would implement joint reductions totalling nearly 1.8m b/d, which would ease the oversupply in the market.

Implementation of a production adjustment



1.8 million barrels/day
effective from January 1, 2017

The 'Declaration of Cooperation'

The supply glut, followed by a growing stock overhang, had been pressuring the market and prices. The welcome OPEC/non-OPEC agreement marked a turning point after months of discussion and deliberation, particularly between OPEC and the Russian Federation.

The OPEC/non-OPEC Ministerial Meeting was jointly chaired by Dr Mohammed Bin Saleh Al-Sada, President of the OPEC Conference and Minister of Energy and Industry of Qatar, and Alexander Novak, Minister of Energy of the Russian Federation.

Assembled ministers took into account the current oil market conditions and short- to medium-term prospects and recognized the need for joint cooperation of oil-exporting countries, "to achieve lasting stability in the oil market in the interest of oil producers and consumers." It also underscored the importance of other oil producing countries joining in efforts.

A *communiqué* issued at the end of the meeting importantly stressed that participants recalled the rights of peoples and nations to permanent sovereignty over their natural wealth and resources. It thus took into account the desire of Azerbaijan, the Kingdom of Bahrain, Brunei Darussalam, Equatorial Guinea, Kazakhstan, Malaysia, Mexico, the Sultanate of Oman, the Russian Federation, the Republic of Sudan, and the Republic of South Sudan, as well as other non-OPEC producers, to achieve oil market stability in the interest of all oil producers and consumers.

Joint Ministerial Monitoring Committee

Along with the production reduction, the *communiqué* added that three OPEC Members and two participating non-OPEC countries would join a Joint Ministerial Monitoring Committee (JMMC), and they would be assisted by the OPEC Secretariat.

It additionally stated that cooperation should be strengthened, including through joint analyses and outlooks, with a view to ensuring a sustainable oil market for the benefit of producers and consumers, and that there should be regular reviews at the technical and ministerial levels on the status of this cooperation, thus building a framework for ongoing cooperation.

The JMMC's first meeting was scheduled for January 22, 2017. To support the JMMC, a Joint Technical Committee (JTC) was also formed, which is responsible for preparing a monthly production data report on the crude oil production of OPEC Member Countries and participating non-OPEC for use during the JMMC meetings. In this way, the JMMC can provide some oversight as to the levels of conformity to the production adjustments that had been agreed upon.

To date, there have been five meetings of the JMMC, with the fifth one taking place September 22, 2017, and the sixth meeting scheduled for November 29, 2017. Conformity levels to the production adjustments have been consistently high throughout the year, reaching up to and sometimes beyond 100 per cent. At the 5th Meeting of the Joint Ministerial Monitoring Committee in Vienna, August reached a remarkable overall conformity level of 116 per cent. This has sent a strong positive message to the market and investment has slowly started to come back.

Concrete results

At just over nine months into the 'Declaration of Cooperation', the rebalancing process is well underway, though it has not always been a smooth path. The current oil market cycle first had to be contained and then alleviated, which has required great perseverance. After stemming the industry's losses, momentum was required to move the market once again in a forward direction.

Tangible and concrete results can be seen after many months of collective effort. Progress is steady and picking up pace. The process of global destocking is continuing, both onshore and offshore, with positive developments in recent months showing a massive drainage of stored oil across all regions.

At the start of 2017, the OECD stock overhang was at 340m b above the five-year average. This level fell gradually in the first four months of this year to just below 300m b. In the following four months, however, it fell by a massive 130m b to stand at 170m b above the five-year average for the month of August.

Crude in floating storage has also fallen by an estimated 40m b since the start of the year. A narrowing contango since June and the flipping of Brent into clear backwardation from the second week of September have provided support. This trend should drain tanks even quicker by making it unprofitable to continue to store crude. These strong and positive signs clearly show that supply and demand fundamentals are gradually but steadily returning to balance.

The way forward

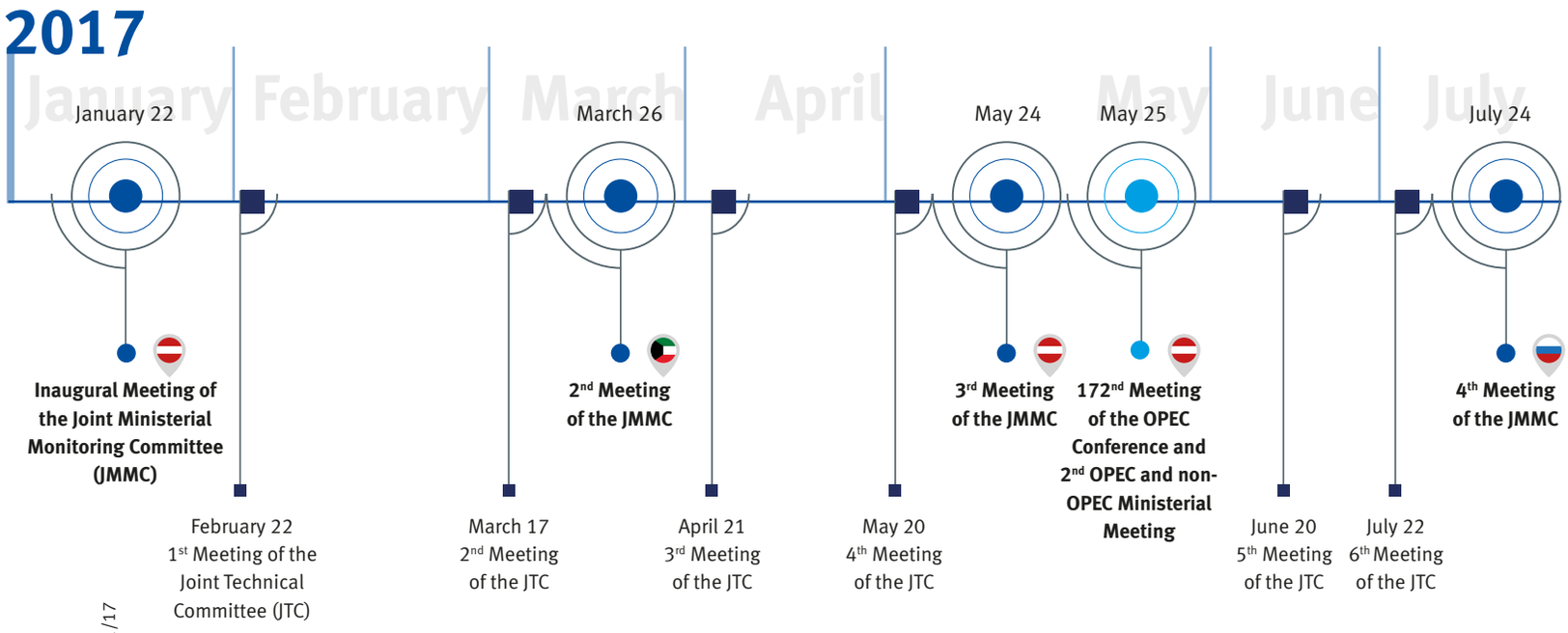
Several other factors are contributing to the recently gathered pace of rebalancing, including unprecedented high conformity levels among the 24 participating nations in terms of the production adjustments, strong oil demand growth, and slower than anticipated growth in US tight oil supply.

It is worth emphasizing the global importance and impact of the various historic decisions reached in 2016 that have led to the improving market conditions of today. The broad consensus is that the market would be in a much more difficult situation without the 'Declaration of Cooperation'.

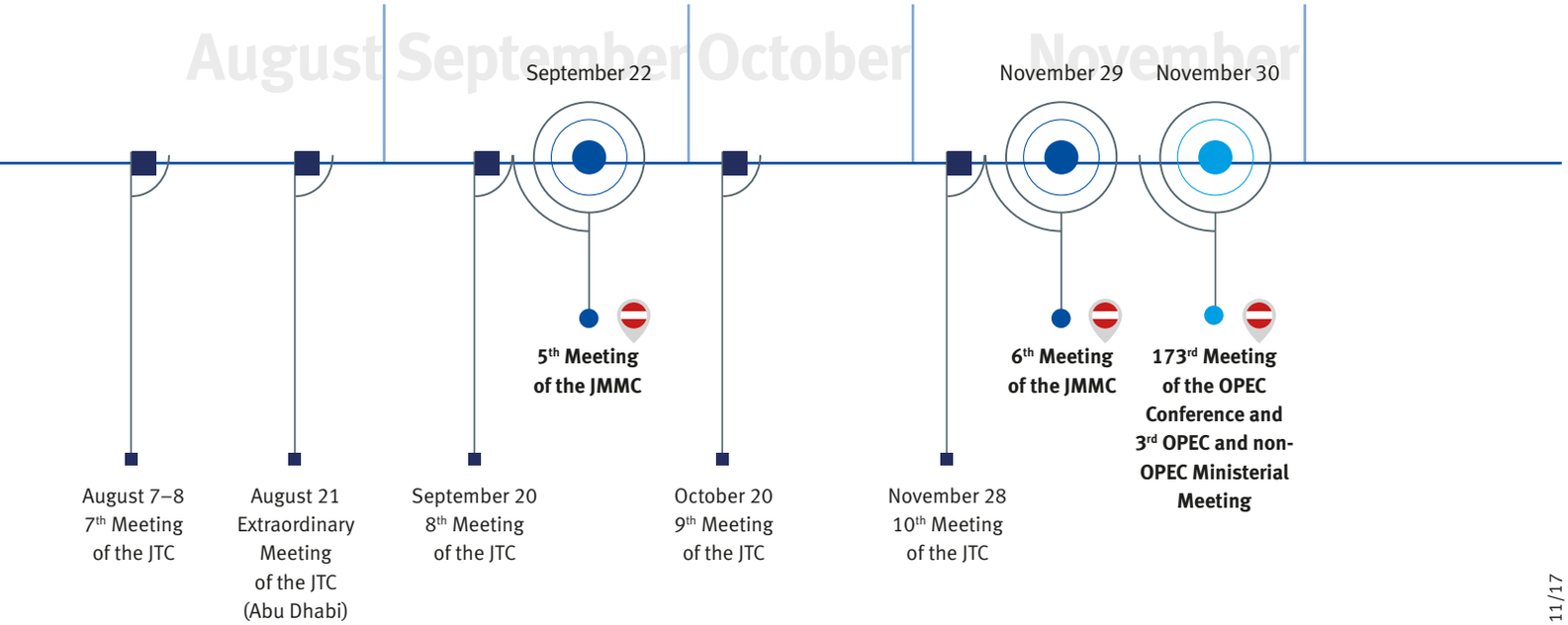
The bold actions taken by both OPEC and non-OPEC oil producing countries address both the medium- and long-term challenges facing the oil market and help put it on a road to sustainable stability. The consequences of the 'Declaration of Cooperation' have exceeded even the most optimistic of predictions.

Commercial oil stocks in the OECD are continuing to rapidly decline, investment and confidence are coming back to the industry, and a spirit of collaboration, equity and transparency pervades OPEC's expanding relations with its non-OPEC producing partners.

With a framework of cooperation now developed and in place, and with the mandate and direction provided by the 'Declaration of Cooperation', producers now have the tools and the mechanisms to act more quickly and effectively in the case of future market imbalances — which history shows are bound to arise again in the oil industry.



Dr Mohammed Bin Saleh Al-Sada (l), President of the OPEC Conference for 2016, and Minister of Energy and Industry of Qatar; with Khalid A Al-Falih (r), President of the OPEC Conference for 2017, Minister of Energy, Industry and Mineral Resources, Saudi Arabia.



Signatories

Azerbaijan

Natiq Aliyev (l), Minister of Industry and Energy.

Bahrain

Sheikh Mohammed Bin Khalifa Al Khalifa (l), Minister of Oil.

Equatorial Guinea

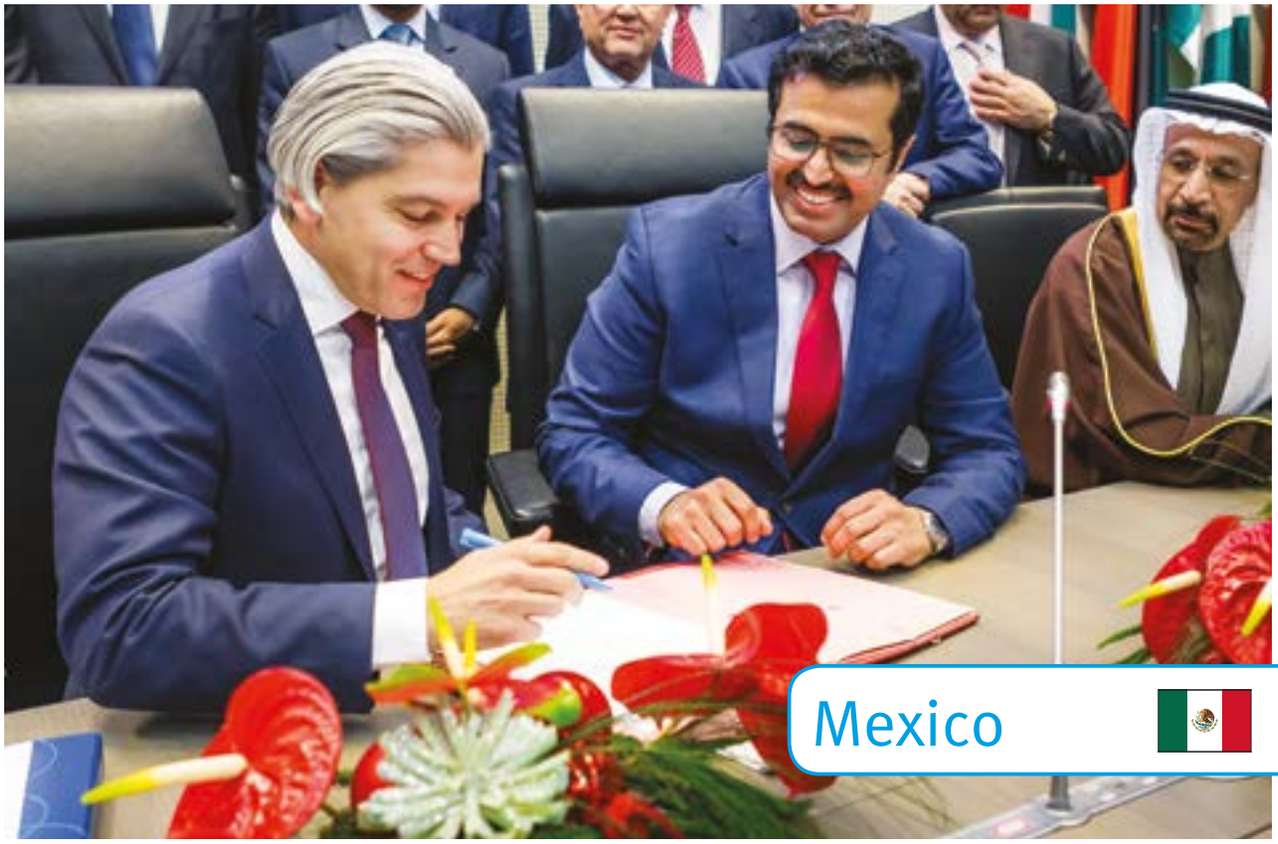
Julian Abia Biteo May (l), Presidential Advisor of Equatorial Guinea's Petrochemical Project. The country joined OPEC in 2017, becoming the Organization's 14th Member Country.

Kazakhstan

Kanat Bozumbayev (l), Minister of Energy.

Malaysia

Datuk Abdul Rahman Dahlan, Minister in the Prime Minister's Office.



Mexico

Dr Aldo Flores-Quiroga (l), Deputy Secretary of Energy for Hydrocarbons.

Mohammed Hamad Al-Rumhy (l), Minister of Oil and Gas.

Alexander Novak (l), Minister of Energy.

South Sudan

Ezekiel Lol Gatkuoth (l), Minister of Petroleum and Mining.

Dr Mohammed Bin Saleh Al-Sada (c), (then) President of the OPEC Conference and Minister of Energy and Industry, Qatar; Alexander Novak (l), Minister of Energy of the Russian Federation; Khalid A Al-Falih (r), Minister of Energy, Industry and Mineral Resources, Saudi Arabia; seen at the press conference after the OPEC and non-OPEC Ministerial Meeting on December 10, 2016.

Dr Mohamed Zaid Awad (l), Minister of Petroleum and Gas.


MEETING OF THE
OPEC CONFERENCE

Impressions
from the Meeting

Witnesses to history

The 'Declaration of Cooperation' was certainly a landmark decision. It represented not just a pledge by (originally) 13 OPEC and 11 non-OPEC producers at the joint ministerial-level meeting in Vienna on December 10, 2016. It also exemplified the commitment that participating producer nations made to the global community in their ongoing efforts to restore and sustain market stability with positive and broad implications for the world economy, oil industry, as well as producers and consumers. Additionally, the Declaration underlined the firm resolve that both OPEC and non-OPEC countries made together in order to achieve an accelerated realignment of global oil supply and demand.

In the lengthy consultative process leading to the 'Declaration of Cooperation', and in the many months thereafter in which the mechanisms set up by the signatories to facilitate the implementation of the decisions — that is, the Joint Ministerial Monitoring Committee (JMMC) and the Joint Technical Committee (JTC) — all 24 participating OPEC and non-OPEC countries played critical and supportive roles. Theirs was truly a noble task and the result was a shared success, the product of open communications, flexibility, mutual understanding and consensus building.

For this 'Special Edition' of the OPEC Bulletin, *we have asked some of the key protagonists to share with us their thoughts about the process leading to last year's ministerial meetings, and about the drafting and signing of the 'Declaration of Cooperation'. What follow are selected questions and answers that we are now grateful to be able to bring together for posterity — and for the public's greater understanding of the important work and the tireless efforts that culminated in the signing of the historic 'Declaration of Cooperation'.*

Noureddine Boutarfa

Former Minister of Energy, Algeria

Noureddine Boutarfa.

In Algiers in September last year, the OPEC Conference opted for an OPEC-14 production target ranging between 32.5 and 33.0 million barrels/day, in order bring the market rebalancing forward. How significant was this decision to what subsequently followed?

The informal OPEC meeting held on September 28, 2016 — which then turned into an Extraordinary Meeting of the Conference — is of exceptional importance in the history of the Organization. It is necessary to recall the situation of the Organization at that point in time. The period was characterized by a continuous increase in United States shale oil; the probability of an upcoming agreement on IR Iran's nuclear programme, which would open up new prospects for Iran in terms of oil production; and the war against terrorism by the Iraqi government, which required significant financial resources, necessitating that Iraq continuously increase its oil production. This situation prompted a few members of the Organization to consider in November 2014 that action should be taken to curb these upward trends, particularly those of the production of US shale oil.

Between November 2014 and September 2016, it became apparent that the situation with regard to supply and prices in the oil market had not improved but rather deteriorated. Oil stocks were at their highest and prices at their lowest. It was then essential to take action to stabilize the oil market.

The efforts by OPEC and non-OPEC producers at the Doha I meeting in February 2016 and the Doha II meeting in April 2016 were unsuccessful, as was the Meeting of the OPEC Conference in June 2016, held in Vienna. OPEC Members could not find a common thread but still sought a way out. The occasion of the 15th meeting of the International Energy Forum (IEF), which was held in Algiers in September 2016, allowed Member Countries to meet informally in order to continue to analyze the situation of the oil market.

For Algeria, holding meetings on the side-lines of the IEF was an opportunity to bring the points of view closer and to reach a decision that would restore balance to the oil market. Thus, during the weeks leading up to the meeting on September 28, 2016, and after many trips, consultations were undertaken with several Members Countries, as well as non-OPEC countries, to prepare for this informal meeting.

In order to encourage decision-making, Algeria prepared several scenarios, including a freeze in OPEC's output at 32.6m b/d. Many serious matters were discussed at the meeting of September 28, which were held in a good atmosphere and against the backdrop of serene weather, all propitious to decision-making and reflecting the willingness of Member Countries to converge around a solution.

This is how, during the course of this informal meeting of Member Countries, which was not intended initially to result in a decision, it was turned into the 170th (Extraordinary) Meeting of the Conference, and resulted in what we call today the 'Algiers Accord'. Through this, OPEC not only recovered unity, a common voice and shared objective, but also a willingness to propose and cooperate, and to institute and broaden the dialogue with non-OPEC countries, which was further supported by a joint declaration of energy cooperation by Russia and Saudi Arabia on September 5, 2016.

In order to ensure success for the next steps, a High-level Committee was set up, as well as an implementation mechanism for the Algiers Accord and a framework of consultation with non-OPEC countries. We were aware that the issue of determining each country's production levels was going to be difficult. However, the fact that the High-level Committee was mandated to only consider the range of the overall production level (32.5–33.0m b/d) enabled participants to avoid discussing the multiple scenarios of the overall level of production and focus on the issue of individual production levels instead. In other words, if this global level of production had not been set in Algiers on September 28, it would have been unlikely to define the levels of production by country within the time limits and before the OPEC Conference of November 30.

The Algiers Accord, which has strengthened solidarity between Members Countries, has on the one hand, put the market on the right track and, on the other hand, kept OPEC as a major player in the world oil market. It was the source, the guide and the reference to all the subsequent steps that led us to the Conference of November 30, 2016.

You played a vital role in helping push through what was agreed in Algiers, which eventually led to the historic 'Declaration of Cooperation'. What do you recall of the consultations between Algiers and the 'Declaration of Cooperation' that was agreed on December 10, 2016?

I knew the Algiers Accord would only have been meaningful if the targets were achieved. After the Algiers meeting, it was necessary to both maintain the good reaction of the markets without actual physical action being taken on the level of production for two months and to find an agreement on the allocation of production levels — while, at the same time, getting non-OPEC countries to join our approach. This is just to say how daunting the task.

The establishment of a framework between OPEC Member Countries through the High-level Committee and the framework for consultation with non-OPEC countries was going to be the instruments for the implementation of the Algiers Accord. Time was of the essence, so we took the opportunity of the World Energy Congress in Istanbul to hold an informal meeting of OPEC Member Countries on October 12, 2016, and then meet non-OPEC countries in order to present them with the Algiers Accord and its roadmap. This meeting further strengthened my conviction that we were on the right track.

At the time, Algeria had been entrusted to chair the High-level Committee. At its first meeting in Vienna on October 28, 2016, we had drawn up some scenarios for the allocation of the levels of production, which we had not yet proposed. This first meeting of the High-level Committee, which had as one of its main objectives defining the production levels of each country, almost ended on a negative note due to differences of opinion among some Members, which threatened to delay the meeting with representatives of non-OPEC countries scheduled for the following day. This situation reinforced the idea that Algeria had to pursue the actions it had undertaken during the preparation of the Algiers meeting and present its own proposal.

Thus, after an exchange with the President of the OPEC Conference, Dr Mohammed Bin Saleh Al-Sada, and after agreeing on a meeting with Saudi Minister, Khalid A Al-Falih, Algeria identified several promising scenarios among those it had elaborated, including one particular proposal. During this period, in preparation for the second meeting of the High-level Committee, a meeting was held in Algiers on November 12, 2016, with Minister Al-Falih. It was a fruitful and very important meeting which set the stage for the forthcoming events. It was also agreed, following an exchange with the President of the OPEC Conference, that Algeria would present its proposal at the informal meeting of OPEC scheduled to take place in Doha on November 17, 2016.

At this meeting, the majority of the attending members considered that the Algerian proposal merited consideration and deserved to be presented at the second meeting of the High-level Committee scheduled to take place in Vienna on November 22, 2016. At the end of this meeting, the High-level Committee decided to present the Algerian proposal to the OPEC Conference on November 30, with reservations from some countries. In order to further explain the Algerian proposal, I visited Tehran on November 26 and, as with every meeting with IR Iran's Minister Bijan Namdar Zanganeh, the exchanges were very constructive and promising.

In addition to the visits by the Secretary General of OPEC, it is also worth recalling the various visits, meetings and talks undertaken by Ministers Al-Falih and Del Pino with OPEC and non-OPEC member countries. I myself had initially planned to visit Iraq to meet with Minister Al-Luiebi. However, due to an extremely tight schedule, we were only able to meet in Vienna on the eve of the OPEC Conference. Meanwhile, following a consultation with Venezuela's Minister Del Pino at which we both agreed to a meeting in Algiers on November 28, from which we then headed on November 29 straight to Moscow to meet with Minister Novak who reassured us of Russia's decision to join the agreement to adjust oil production — provided that OPEC reached an agreement between its own members.

At the end of the meeting with Minister Novak, we headed directly to the airport to travel to Vienna. Upon my arrival, consultations were held or continued with the oil ministers of Saudi Arabia, the United Arab Emirates, Ecuador, Kuwait, Iraq, IR Iran, Qatar and Venezuela. These consultations concluded on a positive note on November 30 ,2016, shortly after midnight. I could then sleep with the conviction that OPEC would most likely arrive at a decision in accordance with the recommendations of the Algiers Accord.

The decisions taken by the OPEC Conference paved the way to the OPEC/non-OPEC conference which was held in a constructive atmosphere and which ended with the 'Declaration of Cooperation' of December 10, 2016. These are some of the memories I have of this intense period.

While the short-term oil market challenges are evidently in everyone sights, how important is the 'Declaration of Cooperation' to medium- and long-term oil market prospects?

The 'Declaration of Cooperation' is of paramount importance. It should be remembered that prior to the Algiers Conference in September 2016, global economic indicators were 'turned to red' by the lack of investment, the very high level of oil stocks and the

very sharp decline in oil prices. Pessimism prevailed in the oil market. The failure of the various meetings between the main producers was also perceived negatively by the markets, since the production of OPEC and non-OPEC participating countries accounts for almost half of world oil supply.

Besides the fact that the 'Declaration of Cooperation' aimed at concrete actions, it was above all extremely credible. Indeed, for the first time, non-OPEC countries solemnly pledged themselves to join OPEC through the signing of the 'Declaration of Cooperation'.

In the medium- and long-term, the 'Declaration of Cooperation' will contribute to the stability of the market. It will allow producers to move towards a convergence of analysis that will support the stability of the market. Through cooperation, constructive and positive dialogue, as well as the actions that will follow, the market will be attentive to the avoidance of destabilization, such as that which it has experienced in previous years.

Without the 'Declaration of Cooperation' taken by 24 producing nations, what might the oil market and the global economy look like today?

It should be recalled that before the Algiers Accord of September 2016, low oil prices had damaged investments, which experienced a significant decline that threatened the security of supply in the medium-term. It would not be speculative to say that without the 'Declaration of Cooperation', the oil market would have continued to be marked by an overhang of oil stocks, generated by a war of prices and market shares, and by oil prices oscillating between $20/b and $30/b. I dare not make a projection of the economic damage that would have been borne by oil producing countries and, by extension, industrialized countries. Nothing would have stopped some producers from producing more to sell more.

Without this Declaration, we would have slowed the production of shale oil in North America, but we would also have prolonged the crisis and increased the risk of a future crisis with the delayed return of shale oil production and a lack of medium-term capacity. The negative consequences of this on the world economy would have been devastating.

The 'Declaration of Cooperation' will remain a highlight of international cooperation. I regret that oil producing countries such as the United States that benefit directly from this agreement could not allow their companies to cooperate with OPEC, which has shown to the world great maturity and a responsibility assumed for the benefit of the world economy.

How do you view oil market prospects for 2018?

The oil market is sensitive to the natural decline of oil fields, the production of new oil fields, technological changes and global growth. All of these factors affect the direction the market will take. However, considering that technological developments can both favour the production of shale oil and improve global oil supply by extending the life of mature fields, they will not have a significant impact in the short-term on global oil supply.

Mustapha Guitouni, the current Minister of Energy of Algeria.

This means that the main driver of the oil market for 2018 will be global growth. This is based on the assumption that (a) an increase (between 1.4m b/d and 1.5m b/d) of production in the United States and other non-OPEC producers should satisfy the increase (between 1.3m b/d to 1.4m b/d) of world oil demand; (b) the 24 signatories of the 'Declaration of Cooperation' will continue to maintain their adjustments until the end of 2018; and (c) OPEC will neutralize the 'special conditions' of Libya and Nigeria, including an increase in the rate of adjustment of production provided for at the 171st Meeting of the Conference on November 30, 2016. We could then glimpse a resumption of the global stock overhang and reach the historical average of the last five years prior to 2014 towards the end of the 2Q of 2018.

This situation will have a positive impact on prices, which will then fluctuate between $60/b and $65/b. Notwithstanding the fact that the rebalancing of the oil market has already begun, the 24 producers that adopted the 'Declaration of Cooperation' will continue to have a responsibility in 2018 to accelerate this rebalancing.

Eng Bijan Namdar Zanganeh, Petroleum Minister, IR Iran

In the negotiations that resulted in the OPEC/non-OPEC Ministerial Meeting on December 10, 2016, each delegation played an important role. Officials drew on their wisdom and professional experiences, and made important contributions to the 'Declaration of Cooperation'. In this long process, one dedicated Head of Delegation, who has graced OPEC meetings for several decades with his dignified and distinguished presence, has been the Islamic Republic of Iran's Minister of Petroleum, Eng Bijan Namdar Zanganeh.

Zanganeh is the longest serving Minister in OPEC and has spent more than 30 years in public service on behalf of his country, and nearly three decades as a minister. Trained in civil engineering, with a Master's degree from the University of Tehran, Zanganeh has worked with his country's government in various capacities since the early 1980s. A natural leader, he began working as a faculty member of Khajeh Nasir Toosi University of Technology in 1977, a position he held until 2007.

Zanganeh's innate talents brought him to the attention of his country's leaders, and he was soon called to public service. Appointed Deputy Minister of Cultural Affairs at the Ministry of Islamic Guidance in 1981, he became a member of the government's Economic Council. He served as Deputy Minister until 1983, but held the latter position as one of the government's most trusted economic advisers until 2004. In 1997, Zanganeh was named to the National Expediency Assembly, where he served ably until 2011. He then served as Minister of Construction Jihad from 1983–88.

Eng Bijan Namdar Zanganeh, IR Iran's Minister of Petroleum, attending the 172nd Meeting of the OPEC Conference in Vienna in May 2017.

Eng Bijan Namdar Zanganeh, Minister of Petroleum, IR Iran.

These diverse experiences across different parts of government, prepared him well for IR Iran's energy and oil industry. Zanganeh thus drew on his many talents and experiences as Minister of Energy, a portfolio he held from 1988 until 1997. He was then appointed Minister of Petroleum, serving until 2005.

A standout figure, he forged a path for his country's petroleum industry and consolidated the gains made in previous years. Renowned as one of his country's sagest government officials, he was re-appointed Minister of Petroleum in 2013, a position he continues to hold today.

In his various positions — and particularly in his role as Petroleum Minister and Head of his country's OPEC Delegation — he has been a tireless leader, sharing his insights and wise opinions, and consistently making valuable contributions to meetings.

These qualities were on full display during the consultative process leading up to and culminating in the Declaration of Cooperation. In the many months since then, too, Zanganeh's role and contributions have been constructive, and his vision and leadership have helped the implementation and maintenance of the collective decisions supporting the ongoing market rebalancing. Such skills, talents and vision have contributed to OPEC's achievements over the years — and, in the end, have helped it to make history.

Jabbar Ali Hussein Al-Luiebi

Minister of Oil, Iraq

How important has the 'Declaration of Cooperation' and the ongoing market rebalancing been to Iraq?

There is no doubt that the direction towards a balanced market would not have been reached without the efforts exerted and the evidenced cooperation amongst all OPEC and non-OPEC countries in building the necessary consensus for such a great achievement.

Iraq has already given its full support to the 'Declaration of Cooperation' as we do realize its importance in adjusting the market indicators for a fair market price for both consumers and producers.

While the short-term oil market challenges are evidently in everyone's sights, how important is the 'Declaration of Cooperation' to medium- and long-term oil market prospects?

We are confident that the 'Declaration of Cooperation' has already set the ground for the medium- and long-term by highlighting the great responsibility of most market participants to correct the path when it goes out of healthy ranges.

Jabbar Ali Hussein Al-Luiebi.

Without the 'Declaration of Cooperation' taken by 24 producing nations, what might the oil market and the global economy look like?

Without the 'Declaration of Cooperation', the market and the global economy were deteriorating and there was no room to even delay it. Not only were oil prices heading down but the accumulation of uncertainties had set investments and major economic indicators back.

How do you view oil market prospects for 2018?

We see better improvements in market fundamentals in terms of a noticeable rebound in demand. However, US oil production is still in need of being closely monitored as it will still hold the bulk of the effect on the supply side. Therefore, the cooperation between OPEC and non-OPEC suppliers should continue as a suitable means to take action when needed.

How important is it to institutionalize a framework for cooperation between OPEC and non-OPEC producing countries on a regular and sustainable basis?

The institutionalization of a framework of cooperation between OPEC and non-OPEC producing countries is an important part of efforts to strengthen their collaboration and ensuring the continuity of this mutual effort towards achieving the main target of rebalancing the oil market.

Issam Almarzooq

Minister of Oil, and Minister of Electricity and Water, Kuwait, and Chairman of the JMMC

Issam Almarzooq.

Under your chairmanship, the Joint Ministerial Monitoring Committee (JMMC) has played a vital role in helping fulfill the objectives of the historic 'Declaration of Cooperation'. What are your thoughts on the work of JMMC and the progress of the market rebalancing process so far?

When the landmark OPEC/non-OPEC 'Declaration of Cooperation' was signed on December 10, 2016, the Joint Ministerial Monitoring Committee (JMMC) was formed as a ministerial body to ensure the implementation of this historic declaration. I had just been appointed as the Minister of Oil, Minister of Water and Electricity for Kuwait. The responsibility was immense and the challenges were significant. Nevertheless, it was gratifying and I felt very proud that the State of Kuwait was selected to lead the JMMC, which is a task my team of experts and I are undertaking with great enthusiasm.

This Committee in its new format has had no precedence in OPEC history. The surplus in the market had continued to pressure prices and with our new partners from outside OPEC we needed to dedicate all our energy and efforts to rebalance the market. As you know, Kuwait is one of the Founder Members of OPEC and is very well known for its role in supporting overall cooperation within OPEC and market stability. We agreed to chair the JMMC jointly with our partners from the Russian Federation.

The Russian Federation, as the largest single non-OPEC producing country, agreed to be the co-chair of the committee.

I must say that with my distinguished colleague, Minister of Energy Alexander Novak, we have together co-chaired the JMMC as a team through some critically challenging moments. Equally, it has been a pleasure to work with the other distinguished member countries of the JMMC who are Oman, Algeria and Venezuela. And with the able input, support, and wise vision and leadership of Khalid A Al Falih, the Minister of Energy, Industry and Mineral resources of the Kingdom of Saudi Arabia, our work in the JMMC has been evermore successful.

The JMMC as a team with its highly committed members has been successful in bringing the market back to a rebalancing path in a systematic way. Overall conformity levels have improved significantly and we achieved conformity level of 120 per cent for the month of September, a historic high. This is truly a rate that is very impressive and which has gained respect and credibility in the market. Also, the overhang in OECD stocks above the five-year average has declined by 178 million barrels since the beginning of this year. Many other market indicators have recently become more bullish and have helped the recovery of oil prices to be in the level of around $58/b. The world economy is showing smooth recovery and demand is growing more than previously anticipated. Hence, the market is rebalancing and we are quite confident it will occur soon in accordance with the road map strategy set by the 'Declaration of Cooperation' signed by the 24 producing nations.

How important have the Joint Technical Committee and the OPEC Secretariat been to the work of the JMMC?

The Joint Technical Committee (JTC) has been the cornerstone supporting the successful mission and achievements of the JMMC and, hence, the Declaration. The work of the OPEC Secretariat together with the JTC as one team is unprecedented and the combination of technical experts from the Member Countries of the JMMC, along with the Secretariat, has been a very effective tool to support the decision-making process at the JMMC level. I take this opportunity once again to express my deep appreciation to the members of the JTC and the OPEC Secretariat for their effortless and continued work.

While the short-term oil outlook challenges are evidently in everyone sights, how important is the 'Declaration of Cooperation' to medium- and long-term oil market prospects?

The 'Declaration of Cooperation' is vital and essential for the assurance of the health of the market for medium-, as well as long-term prospects. It will ensure stability so that prices recover to levels that are sustainable for market prosperity. We are successfully and gradually transforming the market from being characterized by surplus, competition, volatility and weak prices into a more balanced market that helps stimulate economic growth and, more importantly, investment into the industry. Hence, it is key for future growth. More important is the birth of this group of 24 producers that will remain closely and effectively working together for stable and secure markets. It is now our objective to transform this exemplary cooperation between OPEC and non-OPEC producing countries into a more institutionalized form of long-term cooperation.

Without the 'Declaration of Cooperation' of 24 producing nations, what might the oil market and the global economy look like today?

The market situation in 2015 and 2016 is still vivid in our memories. It was characterized by extreme uncertainty and competition leading to volatility and a significant reduction in much needed investments in the oil industry. Oil prices were lower than $30/b for significant period of time. The impact was great on our governments and economies. Hence, the 'Declaration of Cooperation' clearly is helping to create a more stable market environment which we are beginning to bear the fruits of, reflected not only in higher oil prices, but also in a clearly more confident and positive sentiment amongst key market players.

How do you view oil market prospects for 2018?

As I have repeatedly stated from the beginning of this year, market re-balancing will happen and it is just a matter of time, which require patience and diligent action by the countries participating in this 'Declaration of Cooperation'. I can now confidently say that we are now well underway and on course to reach a rebalanced oil market, although we still have some more work to do. Supported by a healthier outlook for oil demand next year fuelled by a bullish economic growth forecast, and with continued discipline amongst oil producing nations, I am confident that we will see more balanced market in 2018.

Dr Emmanuel Ibe Kachikwu

Minister of State for Petroleum Resources, Nigeria

What is your assessment of the OPEC and non-OPEC consultations and collaboration we have seen since last year?

I think the whole idea of getting both OPEC and non-OPEC countries together was a fantastic idea. [...] We all pushed for it, and the sheer momentum that has gathered and what it has done for the industry has been unbelievable. More importantly, it's helped forge unity, even [among] OPEC Members. All in all, it's been good.

I think the Secretariat has done an excellent job, while taking on an additional workload.

Would you have predicted the level of success that these consultations — and the 'Declaration of Cooperation' — have had?

I didn't think we would get this sort of momentum and unity between OPEC and non-OPEC countries that easily. But I always felt cooperation was a solution. I always advocated for it.

The more universality we can bring to this relationship, the more stability we bring to the market — so I am happy with what we have achieved so far.

Dr Emmanuel Ibe Kachikwu.

Dr Mohammed Bin Saleh Al-Sada

Minister of Energy and Industry, Qatar, and President of the OPEC Conference in 2016

In 2016, under your Conference Presidency, OPEC embarked on a series of extensive consultations, among OPEC Member Countries, and with many non-OPEC producers. How important were these to OPEC, and the overall rebalancing of the oil market?

The high rate at which the oil was entering the market, especially since June 2014, had skewed the supply-demand balance creating a stock over-hang level over and above the normal five years average. In order to restore market balance, it was necessary to reduce supplies, through appropriate cuts in production. To achieve this objective, a common understanding was desired.

While OPEC enjoys a common platform, everyone felt the need expand this to non-OPEC countries. That is why we needed to have extensive consultations, first within OPEC and then, to extend the platform for consultation and consensus to non-OPEC producers. Credit goes to the OPEC Members and the OPEC Secretary General for developing consensus and building bridges between OPEC and non-OPEC producers for achieving the common objective.

Dr Mohammed Bin Saleh Al-Sada.

Was there ever a time in 2016 when you felt like bringing together OPEC and non-OPEC producers was an impossible task?

While everyone agreed that action was needed to help rebalance the market, the agreement on the modus operandi to achieve this was very challenging. There were occasions when we were very close to an agreement but, in the end, could not close the deal.

Thanks to the spirit of OPEC Member Countries and the OPEC Secretariat, transparent informal consultative

meetings on the side-lines of international energy events were facilitated as part of the relentless efforts to work on building the consensus between OPEC and non-OPEC members. It was a venue where members could informally express their candid views on the issue, their legitimate concerns, without any official commitment. Since we were all driven by a common objective, this helped in building a consensus.

Personally, what were the high points of your Conference Presidency in 2016?

I consider a few highs from Qatar's Conference Presidency in 2016. The first of these was the core meeting of the key producers, on February 16, 2016, in Doha. It laid the foundation for subsequent meetings to discuss an agreement on a production cut.

The breakthrough in this regard came at the informal consultative meeting held on the sidelines of the IEF conference in Algeria in September 2016, when consensus was achieved among OPEC Members with regard to their firm commitment to the basic principles.

Sensing an emerging consensus, I called upon the OPEC Members to turn this meeting into an official Extraordinary Meeting which later formed the basis for the milestone Vienna Agreement of November 30, 2016, between OPEC Countries to cut production by 1.2 million barrels/day from January 1, 2017.

Following the success of this Vienna Agreement, OPEC Members and non-OPEC countries met and agreed the landmark 'Declaration of Cooperation' in December 2016.

How vital was it that OPEC and non-OPEC producing nations came together to adjust production through the landmark 'Declaration of Cooperation' in December 2016?

It was both timely and vital. It arrested the accumulation of stock and reversed it to help balance the market.

Besides being the pioneer agreement between OPEC and non-OPEC, it established a platform and paved the way for future cooperation between the two groups of producers.

How have you viewed the rebalancing of the market in 2017? And how do you see the prospects for 2018?

After years of oversupply, it was expected that markets would take some time to rebalance. The third quarter of 2017 was seen as the optimum time for the start of rebalancing because of high demand caused by the US driving season and fewer exports from the Gulf producers because of their own high domestic consumption.

The third quarter is the time for high seasonal consumption of nearly 2m b/d more than the first and second quarters. It has indeed gone according to plan as the crude oil overhang has reduced from 300m b above the five year average to less than 170m b. Gasoline and diesel inventories are now near the five year average. The Brent futures curve also indicates backwardation for the rest of 2017 and the entirety of 2018, which is being experienced for the first time since oil prices collapsed in 2014.

In 2018, the first and second quarters may pose a little challenge as these periods are marked by low consumption. But the third quarter will repeat the 2017 story and the markets are expected to rebalance by the second half of 2018. We must be patient and wait for the transparent data from forecasting agencies including OPEC.

Without the 'Declaration of Cooperation' taken by 24 producing nations what might the oil market and the global economy look like today?

The 'Declaration of Cooperation' helped in setting the floor price and prevented the markets from high volatility as seen in 2015 and for most of 2016. The voluntary production adjustments have reduced oil production by nearly 1.8m b/d and have helped the market stabilization process.

Compliance with the agreement has been exceptional, exceeding 100 per cent at times, which is unprecedented in the OPEC history. This has resulted in backwardation of Brent futures with no incentive left to store oil.

The IMF has now confirmed that world economic growth is currently at its best since the financial crisis of 2008–09. This would not have been possible without price stability experienced in the oil market for the past nine months. It should be noted that oil has an annual $2 trillion market and dwarfs all other commodities. Oil is a very strategic commodity and the world economy can be destabilized by bad movements in the oil market.

Khalid A Al-Falih

Minister of Energy, Industry and Mineral Resources, Saudi Arabia, and President of the OPEC Conference in 2017

Khalid A Al-Falih.

How vital was it that OPEC and non-OPEC producing nations came together to adjust production through the landmark 'Declaration of Cooperation' in December 2016?

Prior to the December 2016 'Declaration of Cooperation', the oil market sentiment was quite bearish: the market was oversupplied; the OECD inventories had ballooned to by almost 400 million barrels above their five year-average; and market confidence was exceedingly low. If we had not acted, it would have taken the market a long time to rebalance, over which time a lot more surplus oil would have been added to already bulging stocks. The impact on global oil investments, which had been quite severe since the slump began, would have continued and, in fact, worsened.

Of course, the continued negative impact on the revenues of the oil exporting nations was also in our mind, besides the multitude of factors I have outlined. Our analysis suggested that together with our non-OPEC partners, we could remove a full two per cent of global oil production from the market, thus accelerating rebalancing, begin inventories' drawdown and help stabilize the market while cushioning the global economy from any shocks that in turn would also help oil demand grow at a healthier pace. So, we were convinced that pursuing the agreement was the right thing to do.

Under your Conference Presidency in 2017, OPEC, alongside a number of non-OPEC producers, has embarked on production adjustments to bring forward the rebalancing of the oil market, and help return sustainable stability. What are your thoughts on the progress so far?

I believe we are making steady progress towards most of our objectives: the market is rebalancing; OECD commercial stocks are falling, with the latest figures available for September this year indicating a surplus of 160m b over the five-year average; and the market shows clear signs of steadying. The US drilling rig levels, which are a leading indicator of US oil production that the market is usually concerned about, are starting to flatten. And one of the most critical fundamentals, oil demand growth, is exhibiting increasing vigor, with the IEA successively revising its growth forecast from 1.3m b/d at the beginning of 2017 to 1.6m b/d presently. Lastly, the cohesion within the OPEC and non-OPEC participating producers' group remains generally strong with excellent compliance by most participants. So, I am very pleased with the progress achieved so far, and for that I want to compliment those members on both the OPEC and non-OPEC sides who contributed.

While the short-term oil market sentiment has improved, how important is the 'Declaration of Cooperation' to medium and long-term oil market prospects?

In my view, the importance of the 'Declaration of Cooperation' to the medium and long-term oil market prospects lies especially in the positive experiences to-date of both OPEC and non-OPEC producers and the successes we have jointly achieved in stabilizing the market. We have all seen, and the market analysts continue to vouch to that effect, that when we work and act together, we can overcome difficult challenges besides imparting confidence to the market. Not only did the participating nations and the energy industry benefit but consumers as well, and in turn, the global economy. So we can say everyone is a winner in this deal. Regardless of what situation unfolds in the medium and long terms, as the future is difficult to forecast with sufficient confidence, the successes to-date, and the benefits accrued, would inspire producers to continue to team up for the mutual benefit of all. This is a good omen for the medium and long-term oil market prospects.

Without the 'Declaration of Cooperation' taken by 24 producing nations, what might the oil market and the global economy look like today?

Clearly, with removing the extra supplies off the market, there would be a significant supply-demand imbalance and the inventories that are on a decline would have continued to balloon. Amid a chaotic market, with producers pursuing their individual agendas, the market sentiment would have been bearish. The result would have been a weaker oil market. In such a scenario, oil investments would have continued to lose attractiveness, accompanied by greater supply security concerns down the road. The producer economies would have been negatively impacted. The global economy might have benefitted somewhat from lower prices, but the difference is unlikely to have been substantial, in fact it would have been partially offset by weaker producer economies.

How do you view oil market prospects for 2018?

I expect the market to continue to exhibit stock drawdowns next year, notwithstanding seasonal factors, underpinned by a combination of fairly healthy demand and supply growth constraints. As a result, the surplus stocks we still have today should dwindle by the year-end. Beyond 2018, I expect the impact of lower investments, since the downturn began, which is also accelerating the decline in maturing oil fields, to assert itself increasingly more with time leading to a tighter market in the mid-term. So in summary, I believe a confluence of the factors I have highlighted will lead to a stronger market next year.

Personally, what have been the highs of your Conference Presidency in 2017?

There are several important events worth highlighting, and most of them resulted from our joint efforts:

- Of course, achieving the agreement itself, which many doubted was possible, was one of our most significant achievements;
- Establishing special relationship with Russia, and particularly Alexander Novak, which forms the foundation of the OPEC and non-OPEC cooperation;
- Restoring confidence in OPEC, and dispelling doubts about its ability to deliver;
- Turning around the market sentiment from highly negative to fairly positive;
- Laying the foundation for OPEC and non-OPEC collaboration in the long term; and
- Setting a robust OPEC agenda, focusing the Organization's attention on responding to a changed and evolving situation, besides shorter-term goals.

HRH Prince Abdul Aziz Bin Salman

HRH Prince Abdul Aziz Bin Salman.

HRH Prince Abdul Aziz Bin Salman, who earlier this year was appointed Minister of State for Energy Affairs of the Kingdom of Saudi Arabia by Royal Decree by King Salman Bin Abdul Aziz Al-Saud, the Custodian of the Two Holy Mosques, has played an important leadership role alongside the other officials participating in the OPEC/non-OPEC Ministerial Meetings and other consultations.

The joint work of these groups, under the leadership of men like His Royal Highness, resulted in the decisions leading to the 'Declaration of Cooperation'.

In the May/June/July edition of the *OPEC Bulletin,* OPEC Secretary General, Mohammad Sanusi Barkindo, also transmitted his sincere and heart-felt congratulations, along with those of other OPEC officials, to His Royal Highness on the appointment, and further expressed his deepest wishes for a successful tenure as Minister of State.

Suhail Mohamed Al Mazrouei

Minister of Energy, United Arab Emirates

How vital was the High-level Committee tasked with implementing the Algiers Accord at the 170th (Extraordinary) Meeting of the OPEC Conference to achieving the 'Declaration of Cooperation'?

The role of the High-level Committee and their engagement with different countries on the OPEC side was key to the success achieved in bringing 24 countries together to support and participate in the 'Declaration of Cooperation'.

How important have the Joint Ministerial Monitoring Committee, the Joint Technical Committee been to the objectives of the 'Declaration of Cooperation'?

The structured methodology and technical engagement process of both the Join Ministerial Monitoring Committee and Joint Technical Committee was key in keeping the member countries engaged and responsive to keep the compliance level of production cut allocations high consistently until now.

While the short-term oil market challenges are evidently in everyone sights, how important is the 'Declaration of Cooperation' to medium- and long-term oil market prospects?

The 'Declaration of Corporation' by OPEC and non-OPEC participating countries gave hope and stability to the market at a very critical time, especially when the non-OPEC oil producing participating countries showed commitment in compliance with the 'Declaration of Cooperation', even though this is the first time that they worked together with OPEC, which was testimony to their responsible efforts toward market stability.

Without the 'Declaration of Cooperation' taken by 24 producing nations, what might the oil market look and the global economy like today?

The market was at risk of staying imbalanced for a longer time in oversupply mode, which could lead to dropping of investor confidence in the sector. That lack or delay of investment in the upstream oil sector could lead to another shortage of supply in the future, when demand outpaces declining supply, which will lead to a sudden oil price hike that could slow down the world economy.

How useful or beneficial was it that OPEC and non-OPEC producing nations came together to adjust production through the landmark 'Declaration of Cooperation' in December 2016?

Suhail Mohamed Al Mazrouei.

It was not only useful but necessary. The 2016 'Declaration of Cooperation' was an historical achievement for OPEC and the countries that joined it. Together we demonstrated our commitment to market stability. The results of such cooperation benefitted the whole industry. Without that 24 countries alignment, it would have been difficult and unfair for OPEC countries to unilaterally voluntarily adjust their production.

How do you view oil market prospects for 2018?

I think the market has the potential to reach full stability in 2018 as the level of inventories are expected to be reduced to a comfortable level, giving confidence to investors to go back to the required levels to achieve long term market stability. For that to happened, I think we need to consider renewing or extending the deal further and we need to see the same level of compliance achieved in 2017.

Eulogio Del Pino

People's Minister of Petroleum, Venezuela

Eulogio Del Pino.

You played an important role in the shuttle diplomacy that helped bring about the landmark 'Declaration of Cooperation'. What do you recall of the consultations that took place in the lead up to the 'Declaration of Cooperation'?

The crude prices fell in the first quarter of 2016, mainly because of the lack of agreement during OPEC's November Conference in 2015. The effort made in several meetings between some Member Countries in Doha in February 2016 was the starting point for the 'Declaration of Cooperation' signed last December. Following this, one of the crucial encounters which led to an agreement was the meeting held in Algiers in September 2016, when Member Countries took the decision to reduce their production for the first time in eight years and invite non-OPEC countries to join a potential agreement. At that time, there was a lot of speculation about this decision in some countries, oil traders worldwide thought that it would be difficult to reach consensus and the price jumped six per cent when the news was released.

However, that was just the beginning. We started a campaign in order to reach consensus with potential non-OPEC participants, principally with Russia, which played a key role in reaching agreement. In fact, many bilateral meetings were organized in an effort to contribute to this strategy. A remarkable example of this was the meeting arranged between Venezuela, Algeria and Russia in Moscow days before the 171st OPEC Conference last November. As part of this effort, I met former Algerian Minister Nourredine Bouterfa in Algiers before we headed to Moscow to meet Alexander Novak, in order to ensure the decision was taken to sign the historic 'Declaration of Cooperation' in December.

While the short-term oil market challenges are evidently in everyone sights, how important is the 'Declaration of Cooperation' to medium- and long-term oil market prospects?

The 'Declaration of Cooperation' is the most important instrument for OPEC and non-OPEC producing countries to contribute to market stabilization, with a planned methodology to reach a fair price of oil, which secures for producers the necessary levels of investments needed to supply world markets and avoid speculative gaps promoted by some parties who make profits by speculating. Those speculations deter investments necessary to ensure a constant and reliable fuel supply and link the oil and gas industry with an organized transition from fossil fuels to renewables and other clean sources in order to satisfy the world's energy demand in the next 40 years.

Without the 'Declaration of Cooperation' taken by 24 producing nations, what might the oil market and the global economy look like today?

For sure, the oil market would be unstable, with low prices negatively impacting the industry's development and causing even more severe shortages of investments. Without this investment, production would not satisfy growing demand, thereby directly impacting the world economy and harming not only producers but also consumers. After the 'Declaration of Cooperation' was signed, Brent prices increased by an average of 20 per cent from $43/b in 2016 to more than $52/b in 2017, thereby avoiding an exacerbated global energy crisis caused by the worst oil market cycle in history. The 'Declaration of Cooperation' means that OPEC has promoted dialogue between producers and consumers, rebalanced the markets and created a stable scenario which benefits the global economy.

How do you view oil market prospects for 2018?

The key for a healthy market is discipline. If 'Declaration of Cooperation' participants maintain their commitment, the optimal result of a rebalanced market will be reached in a short time, the pace of which could be accelerated by other countries possibly joining the agreement. That's our objective: maximum cooperation between the 24 countries and the important contribution of other producers in the world, that want to be part of this historic 'Declaration of Cooperation'.

However, the extension of the decisions will allow a fair market structure and avoid the aggressive strategies from some countries like the US, who want to ban free oil trading by imposing sanctions on several oil producing nations, thereby creating an oil price war in some regions of the world and an unfair, unstable market affecting people all around the planet. In response to these actions, OPEC could explore possibilities of agreeing on crude exports by region, using specific prices. Based on this potential scenario, prices could reach higher levels than today and fluctuate between $60 and $70/b in 2018.

Dr Mohammed bin Hamad Al-Rumhy

Minister of Oil and Gas, Sultanate of Oman

Among the non-OPEC oil producing countries that have chosen to participate in the 'Declaration of Cooperation', the Sultanate of Oman represents the oldest independent state in the Arab world. It has also provided the process with the distinguished Dr Mohammed bin Hamad Al-Rumhy, Oil and Gas Minister, who has demonstrated his own commitment to the shared OPEC and non-OPEC goal of restoring market stability. His participation in the various meetings and discussions that have been held — both in the lead-up to the Declaration, as well as in the period afterwards, when implementation of the adjustments was underway — has been steadfast and productive.

Al-Rumhy, who has served as his country's Oil and Gas Minister since his appointment on December 16, 1997, is both highly regarded and well respected for his dedicated role in both his country's governmental affairs — particularly with regard to energy — as well as in the past year of consultations and exchanges with the other 23 oil producing countries participating in the Declaration.

In Oman, under his tenure, and with the leadership of Qaboos Bin Said Al Said, Oman's Sultan, Al-Rumhy has spear-headed efforts to develop the country's infrastructure and industry, for the benefit of the country's 2.9 million inhabitants, with the help of oil revenues. Indeed, located strategically in the southeast corner of the Arabian Peninsula, Oman has found a suitable role in global energy markets, with extraction and production activities that began in 1967 — three years after oil reserves were first discovered in the country.

Separately, Al-Rumhy's role in the ongoing implementation of the market rebalancing has similarly been marked by able leadership, and enriched by the good relations he has cultivated over the years with other global oil producers, among both OPEC and non-OPEC countries. In addition, as a representative of one of the seven countries that serves on the Joint Ministerial Monitoring Committee (JMMC), Al-Rumhy has been a stalwart participant.

In an interview given earlier this year, he noted that the work of the JMMC — which is essentially to monitor the ongoing process of adjustments in production and exports among signatories of the Declaration — is a priority since it is supply to the market that has generally affected global balances. "What is delivered to the market is more important in my opinion than anything else," he said.

Dr Mohammed bin Hamad Al-Rumhy.

Al-Rumhy has held many positions of leadership over the years. In addition to his current duties and responsibilities, Al-Rumhy is also Chairman of the Board of Directors of Petroleum Development Oman LLC. He also previously served as Chairman of Oman Refineries and Petrochemicals Company LLC, and as Vice Chairman of Oman Oil Company SAOC. However, it is well worth highlighting his role in and contributions to the historic 'Declaration of Cooperation', and his participation in the ongoing monitoring of the implementation of this decision through his work on the JMMC. It is this work that has given him a special place in the annals of global oil — alongside the other officials of the OPEC and non-OPEC countries that have made history.

Alexander Novak

Minister of Energy, Russian Federation

How vital was it that OPEC and non-OPEC producing nations came together to adjust production through the landmark 'Declaration of Cooperation' in December 2016?

Alexander Novak.

Instability on the oil market since late 2014 became a major challenge for the industry and a threat to the future of the global energy market. This was one of the reasons why three years ago oil producing countries launched consultations within separate groups.

However, it turned out that reaching a consensus or taking real steps in this area was not as easy as it might have seemed. In fact, oil producing countries had never before engaged in real cooperation on this scale. There were different opinions on how to tackle the crisis, even within OPEC, that prevented its members from taking joint action, let alone non-OPEC countries, which did not have any experience of such cooperation to begin with.

It took us as long as two years to agree on all the details before OPEC Countries concluded the Vienna Agreement on November 30, 2016, and key non-OPEC oil producing countries accepted the 'Declaration of Cooperation' on December 10, 2016.

For this reason, there is no doubt that the Vienna deal was not just timely but also in a way overdue.

That said, the time spent negotiating the deal was not in vain. Future developments in the market showed that this joint initiative became a new milestone in the development of the global oil market. It was instrumental for rebalancing the market, sustaining the industry's long-term investment appeal, restoring stability and countering speculation. I think that it has given the market a new injection of confidence, which was so needed after the extended depression we have seen in 2014–16.

For the Russian Federation, how important was it that the market rebalancing effort was a collaborative one?

The fact that as many as 24 countries, including ten non-OPEC countries, who had never cooperated on this scale before, were involved was essential in terms of the effectiveness of the joint efforts. Without reaching solidarity between a critical mass of producers, I believe we would not have been able to achieve such results, so I can say that collaboration was critical to the success of the whole initiative.

Against this backdrop, it was also unprecedented that participating countries have reached and maintained such respectable levels of conformity. Despite the initial scepticism surrounding the deal, the latest data shows that the overall conformity by OPEC and non-OPEC countries reached an impressive level of 120 per cent, with a conformity rate of as much as 179 per cent for the non-OPEC countries. Back in December 2016, hardly any market expert could have anticipated such discipline.

There is another point I wanted to make. Throughout 2016–17, we witnessed the strengthening of OPEC as an Organization capable of playing a key role in dealing with imbalances on the oil market, as well as growing solidarity among its members, which, together with the efforts of non-OPEC countries, has been instrumental to the rebalancing effort.

Do you feel the relationships that have evolved among producers over the past year or so can help the evolution of the oil market in the years ahead?

Successful joint action opened a new page in cooperation between OPEC and non-OPEC countries — and not just on stabilizing the market. Working together has helped us understand each other better, build trust and discover new horizons for bilateral cooperation.

In this connection, I strongly believe in the need to keep up efforts to promote long-term cooperation between our countries, even after the Vienna deal expires at some point in time.

We now see new horizons, including the prospect of engaging in upstream, transportation and downstream projects in our countries and elsewhere, promoting technology cooperation by establishing joint research and development centres to design and implement new solutions in oil and gas extraction, oil field services

and transportation of fossil fuels, as well as joint development and production of oil and gas equipment for foreign markets.

Cooperation in the field of human resources also has great potential, including boosting educational capacity in OPEC and non-OPEC countries, and employee exchange programmes involving oil producing countries and the OPEC Secretariat.

We call for holding regular expert meetings for OPEC and non-OPEC representatives to discuss current oil market trends. We also believe in the importance of undertaking joint research projects that should go beyond bilateral initiatives and evolve into broad multilateral efforts supported by international experts.

Without the 'Declaration of Cooperation' taken by 24 producing nations, what might the oil market and the global economy look like today?

It is obvious that without the OPEC/non-OPEC 'Declaration of Cooperation' and the solidarity demonstrated by the participating countries the situation of the oil market and of the global economy in general would have been significantly less favourable, to say the least. Despite all headwinds we have jointly taken at least 1.8 million b/d off the market since the [Declaration]. I think that should it have continued to flow to the market, we would have had a significantly longer recovery period, with a lot of long-term risks emerging due to underinvestment.

I think that the situation would have been close to what we saw in early 2016, when the price of oil fell below $30/b and was extremely volatile, disturbing the normal operation of the industry and causing a great deal of uncertainty. At some point of course the market would have adjusted, but please do not forget that by then damage could have been difficult to repair, leading to more volatility in the future.

How do you view oil market prospects for 2018?

The market stabilization processes that started in mid-2017 is expected to carry on in 2018. According to the latest estimates, which we have no reason to question, by the middle or in its second half of 2018 global commercial oil and product inventories will be back down to a five-year average, thus removing the overhang which we have seen pressuring the market since 2014.

Such dynamics would have been significantly more difficult without the joint effort of countries participating in the market rebalancing initiative.

Without going into details or making forecasts on specific indicators, I would like to say in all confidence that the market will continue to improve in 2018, offering more favourable conditions and partially offsetting the decline in investment caused by the 2014–16 instability.

OPEC Board of Governors

OPEC's Board of Governors directs the management of the Organization. It is composed of one representative — or 'Governor' — from each of OPEC's Member Countries, each of whom serves for a two-year term. One Chairman is then elected by all Board members.

The Board of Governors prepares the Organization's annual budget and submits it for review and approval by the OPEC Conference, the supreme authority of the Organization. The Board also submits reports and recommendations to the Conference on any matter of interest to the Organization, decides upon any reports submitted by OPEC's Secretary General and implements resolutions of the Conference.

The OPEC Board of Governors at its 150th Meeting in Vienna, Austria, October 23–24, 2017.

Estévâo Pedro

Angolan Governor for OPEC and Chairman of the OPEC Board of Governors in 2017

Estévâo Pedro.

In Algiers in September 2016, the OPEC Conference opted for a production target ranging between 32.5 and 33.00m b/d in order bring the market rebalancing forward. How significant was this decision to what subsequently followed?

As you are aware, crude oil prices at that time were below $35/b on the international market and on a downward trend, for well-known reasons, namely an oversupplied crude oil market and a continuous increase in inventories.

The decision taken by OPEC Member Countries in Algiers to adjust their production level to nearly 32m b/d was a starting point for reversing the price trend and stabilising the commodity market.

The outcomes of subsequent high level meetings, such as the one held in Qatar and the 170th Conference, showed to the world that OPEC is a competent and sufficiently well-regarded organization to solve issues pertaining to its Member Countries and achieve its fundamental goal, which is removing superfluous barriers to the market and ensuring fair revenues for its Member Countries.

At this juncture, let me commend the determination and level of understanding of the Heads of Delegation of OPEC Member Countries, who signed the Agreement establishing each country's production levels at the 171st Conference. I would also like to extend my thanks to the technical groups who, with their know-how and using all available technical data, were able to show and propose a range of possible solutions to such worrying issues.

What do you recall of the consultations between Algiers and the 'Declaration of Cooperation' that was agreed upon on December 10, 2016?

Following the Algiers Accord, it was clear that the next step would be the holding of consultations and negotiations with potential non-OPEC oil producing partners so that, together, a decision on voluntary production adjustments could be established.

It was also clear that the involvement of all the stakeholders of the oil industry was necessary, with a view to reversing the downward price trend. In this regard, OPEC initiated consultations and technical meetings between OPEC and non-OPEC Member Countries, which led to the December 10, 2016, meeting and the signing of the historic "Declaration between OPEC and non-OPEC Member Countries."

As I stated earlier, the period between the Algiers meeting on September 28, 2016, and the signing of the 'Declaration of Cooperation' on December 10, was a decisive period during which in-depth work was carried out by the Members of the Conference, the Board of Governors, the Secretary General and his team, and the Economic Commission Board. The working environment at OPEC and non-OPEC technical meetings was very positive.

While short-term oil market challenges are evidently in everyone's sights, how important do you see the 'Declaration of Cooperation' to medium- and long-term oil market prospects?

As noted, the 'Declaration of Cooperation' has yielded the expected outcomes, and it is clear that this is a necessary tool for the stabilization of the international crude oil market in the short-term. Given these outcomes, it is my view that this should be taken into consideration from a medium- to long-term perspective, perhaps not in the way it is being implemented now but rather use it as a basis for the establishment of a World Oil Market Assessment and Monitoring Mechanism, with the involvement of all those interested in stabilising the market. This means that such a mechanism should include OPEC and non-OPEC oil producing countries.

The experience from 2016 shows that institutionalising cooperation between OPEC and non-OPEC is an important task, and must be carried out immediately. Now and in the future, the oil market requires

the involvement of all its stakeholders so that in a joint effort, the most appropriate mechanisms to ensure a permanently stable market could be established, with prices meeting the requirements of all the market players, producers and consumers alike.

Without the 'Declaration of Cooperation' taken by 24 producing nations, what might the oil market and the global economy look like today?

As we could observe, a few months after the signing of the 'Declaration of Cooperation', prices started going up timidly, but now we can see that the price increase is certainly sustainable. This price increase is on a sustainable basis due to the gradual reduction of crude oil oversupply in the market, although some non-OPEC countries are still designing strategies aimed at throttling the efforts made by the 24 countries who signed the 'Declaration of Cooperation'.

Although there is still room for improvement by some participants, better levels of conformity calculated by the JTC and published monthly by the JMMC, indicate the vital role of the signatories in stabilising the market.

One year after the signing of the 'Declaration of Cooperation', I think that the assessment is positive but could be better. On this basis, it is my understanding that countries with a conformity level below 100 per cent should be encouraged to endeavour to meet all the targets established in the Agreement.

To me, it seems necessary to undertake actions designed to increase the number of signatories of the historic Declaration in order to reduce the quantities of crude oil sent to the market on a daily basis. As such, an awareness campaign should be initiated, targeting countries that have not yet signed this instrument to see the extent to which they could join the 24 signatories.

In short, without the 'Declaration of Cooperation', the oil market and global economy would probably be in a critical situation. Although it will coexist with other sources, oil will continue to stand out as the main source of energy for many years.

How do you view oil market prospects for 2018?

It is my view that efforts by both OPEC and non-OPEC Member Countries should continue in 2018.

The Committees put in place to monitor the implementation of the 'Declaration of Cooperation', namely the JTC and JMMC, should continue to carry out their work until the end of 2018. By then, an assessment shall be made in order to weigh the advantages of the validity of this instrument and the need for defining new market monitoring mechanisms.

With the current trend of prices, I think that 2018 will still be a year of much work and consolidation of ongoing efforts towards market stabilization.

Eng José Maria Botelho de Vasconcelos

Former Minister of Petroleum, Angola

Eng José Maria Botelho de Vasconcelos.

Endurance, longevity and resilience are words sometimes used to characterize the Organization of the Petroleum Exporting Countries and its Member Countries. However, they could just as easily be used to describe Angola's former Petroleum Minister, Eng José Maria Botelho de Vasconcelos, who stepped down after nearly two decades at the helm of his country's petroleum affairs.

Trained as an engineer, Botelho de Vasconcelos first served as Angola's Minister of Petroleum from 1999 until 2002. He was then appointed to a position with an even broader portfolio, Minister of Energy and Water. In his many years serving his country and helping to guide the Organization through sometimes uncertain times, Botelho de Vasconcelos repeatedly demonstrated an innate ability to understand the most challenging aspects of the industry and the vicissitudes of the market, as well as a knack for building consensus among different parties.

In late September of this year, he stepped down as Minister, leaving his achievements at the Ministry in the good hands of his replacement, Eng Diamantino Pedro Azevedo, who now serves under the revised and revamped title of Minister of Mineral Resources and Petroleum. It is expected that the new Minister will continue the same tradition of exemplary diplomatic efforts, technical expertise, and commitment to the Organization and its Member Countries demonstrated by Botelho de Vasconcelos over so many years.

Saudi-Russia relations support the 'Declaration of Cooperation'

Successful cooperation and consultations — especially of the kind that undergird the 'Declaration of Cooperation' — depend on close communications, flexibility and hard work. These qualities characterize the work of the Energy Ministers of Saudi Arabia and the Russian Federation, Khalid A Al-Falih and Alexander Novak, who are regularly engaged in such efforts.

Their work has permitted them to develop a constructive bilateral working relationship. The strength of this relationship, as well as the diligence and determination of the Ministers, has been made apparent repeatedly — and has enhanced the ties that exist between their respective countries.

More importantly, growing relations with Russia have supported the work done with other producing countries on behalf of the restoration of market stability under the 'Declaration of Cooperation'. Additionally, the active participation of Saudi Arabia and Russia on the Joint Ministerial Monitoring Committee (JMMC), which supports the Declaration, has also been beneficial.

In a recent statement during a panel session at Russian Energy Week, Al-Falih highlighted the importance of the partnership between Russia and Saudi Arabia in supporting market stabilization and the 'Declaration of Cooperation'. This partnership "has catalyzed cooperation of an unprecedented coalition of 24 countries (OPEC and non-OPEC)," Al-Falih said. "It has breathed back life into OPEC."

Russian Ministry of Energy.

Khalid A Al-Falih (r), President of the OPEC Conference and Minister of Energy, Industry and Mineral Resources of the Kingdom of Saudi Arabia; and Alexander Novak (l), the Russian Federation's Minister of Energy.

Dr Michael Häupl

Mayor of the City of Vienna

As Mayor, you have made it a priority to develop Vienna as a leading hub for knowledge exchange, particularly among young people. How do you see this role continuing in the future and why is it important that Vienna continues to be renowned for educational excellence?

Education is the incentive on our journey to a prosperous future. This is true for the economy and the industry as well as for the individual. We want to make Vienna the capital of knowledge in Europe. The requirements for accomplishing this task are in our favour, and we work hard to achieve this objective. First-class educational institutions are the core of our politics because a successful educational career, accompanied by a suitable career choice, increases the quality of life.

In your two decades and a half as Mayor, what are some of the most significant changes you have seen in the city?

One example would be the traffic. When I started as Mayor, 20 per cent of the Viennese population used public transportation and 40 per cent travelled by car. Now it is the other way around.

Vienna is home to dozens of international agencies and organizations — like the OSCE, the UN, OPEC, OFID, KAICIID, etc. How has this enriched Vienna life over the years?

The Viennese population is proud to live in a city that hosts international organizations such as OPEC. As a leading city for international organizations and the United Nations at the Vienna International Centre we are well aware that international organizations add to the value of our city. Vienna benefits as an international city, also economically, from the important international OPEC conferences and regular high-level meetings of OPEC ministers.

Under your leadership, city authorities have taken significant steps toward improving the infrastructure of the city. How has this benefited Vienna — and what plans are there for the next five or ten years?

We must continue to prepare Vienna for the future. Soon we will have two million inhabitants again, just like before World War I. We continue to build schools, extend public transportation, and take other appropriate measures.

What, in your opinion, is Vienna most internationally famous for today? How has its reputation changed over time? What, in your opinion, should it be best known for?

Dr Michael Häupl.

That is hard to answer, since everyone has their personal priorities. But it seems to be that the unanimous consensus is that Vienna is world famous for its music.

What is your proudest accomplishment during your 23 years as Mayor?

When the Iron Curtain fell and Austria became a member of the European Union, I tried really hard to use the opportunity to enforce Vienna's position as a modern city in the heart of Europe. I think that worked out pretty well.

Do you perhaps have a message for OPEC as it approaches its sixth decade?

On this occasion, I would like to thank the OPEC Secretariat for having chosen Vienna as its host city and I would like to thank the OPEC staff for having lived and worked in Vienna for so many years. Let me congratulate OPEC and its member countries and let me wish you a fruitful, prosperous and peaceful future for the organization in our beautiful city of Vienna.

Vienna is consistently voted one of the top cities to live in the world. What would you say to anyone who has never even visited the city?

If possible, come and visit us and find out for yourself. Easy access for travelling, safety for families, international offers in education, a great variety in leisure and cultural activities, a moderate climate, excellent choices for housing and shopping facilities; these are only some of the reasons why people are attracted to Vienna.

Natig Aliyev:

tribute to an accomplished man

On June 9, 2017, the world bade farewell to a man of exceptional character and remarkable leadership. Both young and old can testify to the knowledge and benevolence of* Natig Aliyev *(l), who held Azerbaijan's premier energy post for the last 13 years. Aliyev left a distinctive mark on the industry that is set to last a long time. In this brief tribute, the* OPEC Bulletin's *Ayman Almusallam investigates the life of a respected figure, dignitary and accomplished oil man.

On Friday morning, June 9, 2017, the Minister of Industry and Energy of Azerbaijan, Natig Aliyev, passed away after experiencing health complications in Istanbul's Florence Nightingale Hospital. The Minister was initially admitted to the hospital due to heart problems, according to *Azeri News Agency (APA)*, which then became more serious.

The devastating news of his passing was received with great sorrow and sadness by his family, acquaintances and the international oil community. In his long distinguished career, Aliyev had made significant contributions both to his country's oil industry and to international affairs — most recently, as one of the first participants among non-OPEC producers to join OPEC in the 'Declaration of Cooperation' of December 10, 2016.

Aliyev was born in the Azerbaijani capital of Baku on November 23, 1947, two years after the end of the catastrophic Second World War. In 1965, he finished his high school education. Five years later, he graduated from Azerbaijan State Oil Academy — a renowned educational institution that was established in 1920 in Baku.

In 1971, he received his master's degree from the Geology Institute of Azerbaijan's National Academy of Sciences. However, his notable determination and strong

motivation led him to obtain a doctorate in geology and mineralogy in a short period of time.

A successful career

His distinguished career kicked off in 1970, as soon as he had completed his academic education. To acquire further knowledge and enhance his understanding of the industry, Aliyev started working in the field for the state firm Xəzərdənizneft. One year later, he was promoted and began to head the company's Geology Department, signalling the beginning of a successful career.

Dedication, ambition and intelligence were some of the remarkable qualities that differentiated Natig Aliyev from his colleagues and fellows. He rapidly climbed the ladder to become chief departmental instructor at the administration of the Central Committee of Azerbaijan's Communist Party in 1984.

In the late 1980s, he was promoted to head the Party's Economic and Social Issues Department. A few years later, he was chosen to serve as the Director of Ipesko Office in Baku, while consulting on key issues for Azerbaijan's state oil and gas giant, SOCAR (State Oil Company of Azerbaijan Republic).

Considering his extensive knowledge of the industry and solid analytical skills, SOCAR regularly tasked him to advise on a number of important issues, including geological, exploration, refining, geophysical and transportation projects.

In recognition of his commitment and continuous diligence, he was appointed as the Chairman of the Board of Directors and President of SOCAR in 1993, marking a new milestone in the late Minister's achievements.

He was also supremely dedicated to the advancement of his country and regularly envisaged a bright future for his country — a vision that was reflected in the success and unprecedented growth that the major oil and gas producing firm experienced during his tenure.

On December 4, 2004, Aliyev was nominated to become Azerbaijan's Minister of Industry and Energy and a member of the cabinet, allowing him to oversee one of the country's key sectors. He then managed the country's industry and energy portfolios ably and successfully — until he passed away in June of this year.

An architect of global cooperation

In recent years, high global stock levels and market instability posed a threat to the oil market, which required solid actions to be taken by oil producing nations. OPEC, which understood the importance of ensuring a stable oil market and the need for a common vision, initiated extensive consultations with other producers. It eventually invited several non-OPEC oil producing countries, including Azerbaijan, to enter into a dialogue to discuss the prevalent market challenges.

OPEC Secretary General offers his condolences

On the unfortunate occasion of losing one of the industry's most respected leaders, OPEC Secretary General, Mohammad Sanusi Barkindo, extended his condolences to the family of the late Minister. In a letter sent to the President of Azerbaijan, Ilham Aliyev, the Secretary General noted that Aliyev's family, peers and fellow ministers will greatly miss his "guidance and wisdom."

"These traits were evidently on show during the diplomatic efforts that were [undertaken] in the second half of 2016," the Secretary General noted, adding that they "led to the historic OPEC and non-OPEC 'Declaration of Cooperation'." He then concluded by wishing his family "strength and comfort during the coming days, months and years."

A shared vision was realised on December 10, 2016, when 24 oil producing countries met in Vienna to decide on concrete steps that could be taken. This led to the landmark 'Declaration of Cooperation'.

The visionary Natig Aliyev was one of the Declaration's key architects and he played an influential role in helping to reach consensus among participating countries, as well as in the consultation process that led to the historic decision.

Shortly after Aliyev's passing, the successful life of one of the industry's leading figures — and one of Azerbaijan's brightest minds — was celebrated in a distinctive fashion by his family, friends and peers in a ceremony that took place in the capital Baku.

Aliyev had managed to leave a unique mark on the country's thriving economy, especially on the growing hydrocarbons industry. But he had also left a mark on the lives of all who knew him, especially those who had the chance to get to know him on a personal level — leaving them with memories that will be cherished for decades to come.

Visits to Member Countries

*The work of OPEC's Secretary General, **Mohammad Sanusi Barkindo**, on behalf of the Organization's Member Countries and in support of oil market stability, has depended in many respects on extensive discussions and consultations with Heads of State and other officials from different Member Countries. Such high-level meetings have characterized much of the Secretary General's work since beginning his tenure in August 2016. Here are a few highlights of his ongoing work in energy diplomacy.*

2016

Mecca, July 3

King Salman receives OPEC Secretary General

Shortly after his appointment as OPEC Secretary General in June 2016, and before assuming office on August 1, Mohammad Sanusi Barkindo was received by the Custodian of the Two Holy Mosques, HRH King Salman bin Abdulaziz Al Saud, at Al-Safa Palace in Mecca, Saudi Arabia. His Royal Highness congratulated Barkindo on his appointment.

HRH Salman bin Abdulaziz Al Saud, King of Saudi Arabia and Custodian of the Two Holy Mosques, with OPEC's Secretary General.

Doha, September 4

Qatar's Prime Minister meets with OPEC Secretary General

OPEC's Secretary General met Qatar's Prime Minister, Sheikh Abdullah Bin Nasser Bin Khalifa Al-Thani, in Doha and discussed the oil market and other related issues.

Sheikh Abdullah Bin Nasser Bin Khalifa Al-Thani, Qatar's Prime Minister.

Tehran, September 6

OPEC Secretary General meets with Iranian President

OPEC's Secretary General met with the President of the Islamic Republic of Iran, Dr Hassan Rouhani, in Tehran. Rouhani congratulated Barkindo on assuming the position of OPEC Secretary General and prayed for his success. He welcomed his visit to Tehran to discuss the challenges, as well as opportunities, facing the global oil market.

Dr Hassan Rouhani (r), President of IR Iran, with the Secretary General of OPEC.

Algiers, September 26–28

15th IEF Ministerial

The Secretary General joined other energy stakeholders during the 15th IEF Ministerial Dialogue held in Algiers, Algeria, on September 26–28. The event marked the 25th anniversary of the producer-consumer dialogue. The over-arching theme for the Ministerial Dialogue was 'Global energy transition: an enhanced role for the dialogue'.

Abdelmalek Sellal (r), Algerian Prime Minister, with OPEC's Secretary General.

Dr Fuad Masum (r), the President of Iraq, with Mohammad Sanusi Barkindo, OPEC's Secretary General.

Baghdad, October 26

OPEC Secretary General discusses oil market situation with Iraqi President and Ministers

OPEC Secretary General met with the President of Iraq, Dr Fuad Masum. President Masum called for more coordination and cooperation among all Member Countries of OPEC. In separate meetings, Barkindo held talks with Iraq's Prime Minister, Dr Haider Al-Abadi, to discuss market related issues.

Kuwait City, November 6

OPEC Secretary General meets Kuwaiti Emir

OPEC's Secretary General met with the Emir of Kuwait, His Highness Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah. At the meeting, Sheikh Sabah reaffirmed Kuwait's longstanding belief in the role of OPEC in helping the oil market maintain stability on a sustainable basis for the benefit of producers and consumers alike.

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

Nicolás Maduro Moros (r), President of the Bolivarian Republic of Venezuela, with OPEC's Secretary General.

Caracas, November 16

Venezuelan President meets with OPEC Secretary General

OPEC's Secretary General met with the President of the Bolivarian Republic of Venezuela, Nicolás Maduro Moros.

Quito, November 17

OPEC Secretary General holds talks with Ecuador's President

OPEC's Secretary General met with the President of Ecuador, Rafael Correa. During the meeting, President Correa reiterated his country's commitment for "cohesion and consensus" among OPEC Member Countries in their resolve for sustainable market stability.

The President of Ecuador, Rafael Correa, at a meeting with the Secretary General of OPEC.

HH Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, the Emir of Kuwait; Issam A Almarzooq (l), Minister of Oil and Minister of Electricity and Water, Kuwait; with OPEC's Secretary General.

2017

Kuwait City, January 9

OPEC Secretary General meets Kuwaiti Emir

OPEC Secretary General met with the Emir of Kuwait, HH Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, who commended the OPEC Secretary General on the recent successful meetings the Organization held with OPEC Member Countries and non-OPEC producers, which had resulted in the 'Declaration of Cooperation' to reduce oil production by around 1.8 million barrels/day.

HH Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, the Emir of Kuwait, with Mohammad Sanusi Barkindo, OPEC Secretary General.

Caracas, January 16

Venezuelan President praises OPEC's historic agreements

The President of the Bolivarian Republic of Venezuela, Nicolás Maduro Moros, met with OPEC's Secretary General. It was the second time in two months that the two high-ranking OPEC officials had met. The Secretary General was following up on his visit paid to the Venezuelan President in Caracas in November of 2016.

Nicolás Maduro Moros (r), President of the Bolivarian Republic of Venezuela, with OPEC's Secretary General.

Kuwait City, March 26

Courtesy call on Emir of Kuwait

The Joint Ministerial Monitoring Committee (JMMC), led by its Chairman, Issam A Almarzooq, the Minister of Oil of Kuwait, paid a courtesy call to the Emir of Kuwait, HH Sheikh Sabah Al Ahmad Al Sabah, to thank him and his government for the support and guidance given to OPEC in the run up to the historic decisions made in November and December 2016. The members of the JMMC also pledged their commitment to the full and timely implementation of the decisions. The Emir welcomed the delegation and thanked the members of the JMMC for their hard work on behalf of the global economy, the industry, and oil producers and consumers everywhere.

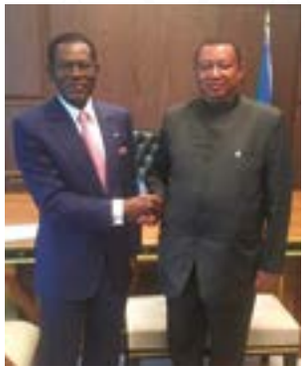
Dr Haider Al-Abadi (r), Iraqi Prime Minister, and OPEC's Secretary General.

Baghdad, April 2

OPEC Secretary General addresses 3rd Iraq Energy Forum, meets with senior Iraqi officials

During the 3rd Iraq Energy Forum, OPEC's Secretary General held a series of high-level meetings with Iraqi government officials. Jabbar Ali Hussein Al-Luiebi, Iraq's Minister of Oil, the Secretary General and OPEC Secretariat officials met with the President of Iraq, Dr Fuad Masum, and thanked him for his unwavering support during the period of consultations between OPEC and non-OPEC oil producers, which led to the historic 'Declaration of Cooperation'. The Secretary General also met with Iraq's Prime Minister, Dr Haider Al-Abadi. The two officials discussed the current market situation and ways to continuing to support efforts to rebalance the market within the framework of the recent decisions.

Dr Fuad Masum (r), President of Iraq, in a meeting with OPEC's Secretary General (l).



Teodoro Obiang Nguema Mbasogo (l), President of Equatorial Guinea, with OPEC's Secretary General.

Muhammadu Buhari (r), Nigerian President, with OPEC's Secretary General.

Libreville, August 2

Presidential welcome

An OPEC delegation was received by Gabon's President of the Republic, Ali Bongo Ondimba.

Ali Bongo Ondimba (l), Gabon's President, with OPEC's Secretary General.

Oyala, July 28

Visit to Equatorial Guinea's future capital city of Oyala

The OPEC delegation's met with the country's President, Teodoro Obiang Nguema Mbasogo. The President welcomed the Secretary General and his accompanying delegation to Equatorial Guinea and declared the visit an historic occasion, marking the first time an OPEC Secretary General had ever visited the African nation.

London, August 14

OPEC Secretary General visits Nigerian President Muhammadu Buhari

In mid-August, OPEC Secretary General, Mohammad Sanusi Barkindo, visited Nigerian President Muhammadu Buhari in London. The two reviewed current oil market conditions and the implementation of the OPEC/non-OPEC 'Declaration of Cooperation'.

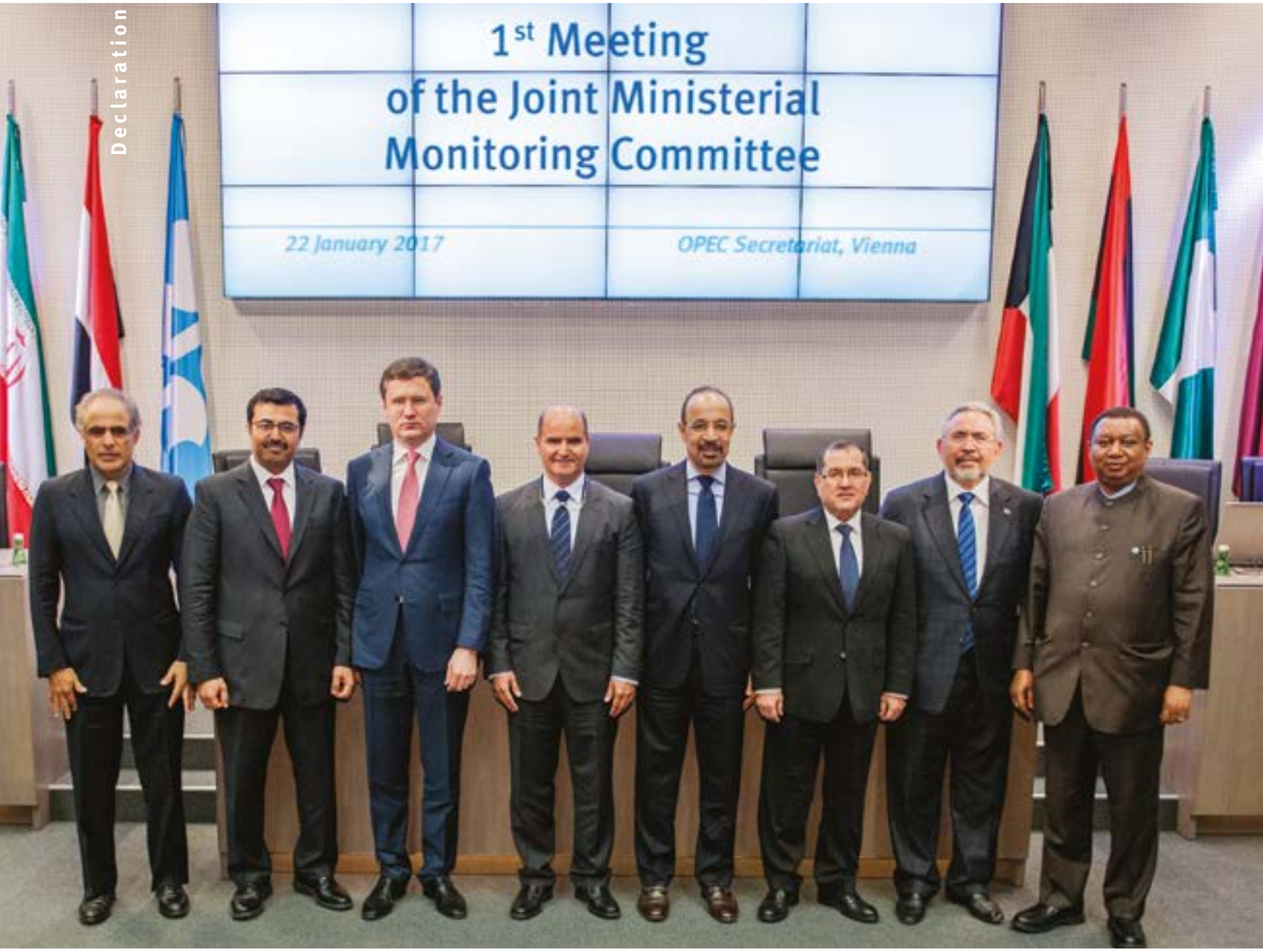
Abu Dhabi, November 13

OPEC Secretary General meets the Crown Prince of Abu Dhabi

Crown Prince of Abu Dhabi, His Highness Sheikh Mohamed bin Zayed Al Nahyan, and Deputy Supreme Commander of the UAE Armed Forces, met with OPEC Secretary General, Mohammad Sanusi Barkindo, during the recent Abu Dhabi International Petroleum Exhibition and Conference held November 13–16.

HH Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, met the OPEC Secretary General.

The Joint Ministerial Monitoring Committee



L–r: Mohammed Hamad Al Rumhy, Minister of Oil and Gas, Oman; Dr Mohammed Bin Saleh Al-Sada, Minister of Energy and Industry, Qatar, and President of the OPEC Conference in 2016; Alexander Novak, Minister of Energy of the Russian Federation; Issam A Almarzooq, Minister of Oil and Minister of Electricity and Water of Kuwait; Khalid A Al-Falih, Minister of Energy, Industry and Mineral Resources, Saudi Arabia, OPEC Conference President for 2017; Noureddine Boutarfa, Minister of Energy, Algeria; Dr Nelson Martínez, People's Minister of Petroleum, Venezuela; Mohammad Sanusi Barkindo, OPEC Secretary General.

Having good intentions is one thing; operationalizing them is another. The visionaries behind the voluntary production adjustments — which began to first take shape as emergent ideas and suggestions as part of the draft 'Algiers Accord' at the 170th (Extraordinary) Meeting of the Conference — which were agreed upon at the 171st OPEC Conference and 1st OPEC/non-OPEC Ministerial Meeting, understood the necessity of developing a mechanism to monitor the implementation of and compliance with the adjustments. To achieve this, they devised an innovative concept, one which has evolved into a 'crown jewel' of OPEC's cooperation with its non-OPEC partners in its own right: the Joint Ministerial Monitoring Committee (JMMC). The OPEC Bulletin *explores the history of this gem of knowledge exchange.*

JMMC Chairman: Issam A Almarzooq, Minister of Oil and Minister of Electricity and Water of Kuwait.

JMMC Alternate Chairman: Alexander Novak, Minister of Energy of the Russian Federation.

The easy option would have been to pay mere lip service to the spirit behind OPEC/non-OPEC cooperation. Another easy option would have been to make the monitoring aspect of the production adjustments perfunctory and unambitious. Then again, the 'Declaration of Cooperation' was never about doing what was easy; it was about doing what was right.

The JMMC's creation and evolution reflects these sentiments. Additionally, it not only embodies the same collaborative spirit that began to manifest itself at the various meetings of the 'High-level Committee of the Algiers Accord', which were held in Vienna on October 28, November 21—22, and November 28 of last year, and which had been set up to continue the deliberations that had begun at the 170th (Extraordinary) Meeting of the Conference held in Algiers on September 28, 2016. But the JMMC has also since become a dynamic forum which represents the best of OPEC and its cooperation with its non-OPEC partners.

The JMMC was created at the 171st OPEC Conference, at which Member Countries agreed "to establish a Ministerial Monitoring Committee composed of Algeria, Kuwait, Venezuela, and two participating non-OPEC countries, chaired by Kuwait and assisted by the OPEC Secretariat, to closely monitor the implementation of and compliance with this Agreement and report to the Conference." The OPEC and non-OPEC Ministerial Meeting reinforced this, concluding "that two participating non-OPEC countries shall join the OPEC Ministerial Monitoring Committee, consisting of oil ministers, chaired by Kuwait with the Russian Federation as alternate chair and assisted by the OPEC Secretariat." The Sultanate of Oman completed the prestigious line-up of members of the JMMC.

Platform for knowledge-exchange

One of the most important roles of the JMMC is as a platform for knowledge exchange. It facilitates joint analyses and outlooks which provide valuable input into the

Seen during the press conference after the 170th (Extraordinary) Meeting of the OPEC Conference in Algiers, Algeria, September 28, 2016, are Dr Mohammed Bin Saleh Al-Sada (c), Minister of Energy and Industry, President of the Conference, Qatar; Noureddine Boutarfa (second l), Algerian Minister of Energy; Eng Mohamed Hamel (l), Algeria's Governor for OPEC and Chairman of the OPEC Board of Governors; Mohammad Sanusi Barkindo (second r), OPEC Secretary General; and Hasan Hafidh (r), Head of OPEC's Public Information Department.

The foundations of the 'Declaration of Cooperation' began to be laid during the consultations and deliberations that took place among OPEC Member Countries at the 170th (Extraordinary) Meeting of the Conference, held in Algiers, Algeria, on September 28, 2016. The collaborative and collegial spirit exhibited during the meeting also characterized the subsequent successes and outcomes of the various meetings of the High-level Committee of the Algiers Accord (October 28, November 21–22, and November 28, 2016), the 1st Meeting of OPEC and non-OPEC Oil Producing Countries (October 29, 2016), the 171st Meeting of the Conference (November 30, 2016) and the historic OPEC and non-OPEC Ministerial Meeting (December 10, 2016).

evaluation of the conformity process. Over the course of the last 11 months, the JMMC has succeeded in strengthening and deepening ties between participating countries. As OPEC Secretary General, Mohammad Sanusi Barkindo, stated at the 5th meeting of the JMMC in September, "the JMMC and the JTC are key pillars of the implementation of the historic 'Declaration of Cooperation' and have become the umbilical cord connecting the 24 participating countries."

1st Meeting of the JMMC

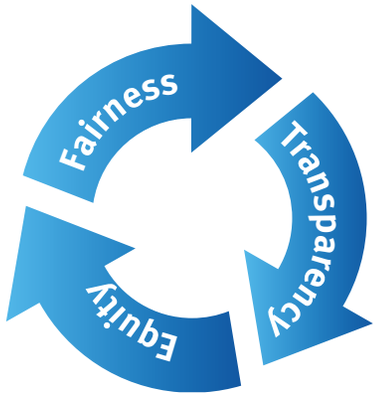
Vienna, Austria, January 22, 2017

The inaugural OPEC/non-OPEC JMMC took place at the OPEC Secretariat on January 22, 2017. It was chaired by Issam A Almarzooq, Minister of Oil and Minister of Electricity and Water of Kuwait.

The other members of the committee in attendance were Dr Nelson Martínez, People's Minister of Petroleum, Venezuela; Noureddine Boutarfa, Minister of Energy, Algeria; Alexander Novak, Minister of Energy of the Russian Federation and alternate Chairman; Mohammed Hamad Al Rumhy, Minister of Oil and Gas of Oman.

They were joined by Dr Mohammed Bin Saleh Al-Sada, Minister of Energy and Industry of Qatar, President of the OPEC Conference in 2016; Khalid A Al-Falih, Minister of Energy, Industry and Mineral Resources of Saudi Arabia; and the OPEC Secretary General.

Core principles of the JMMC

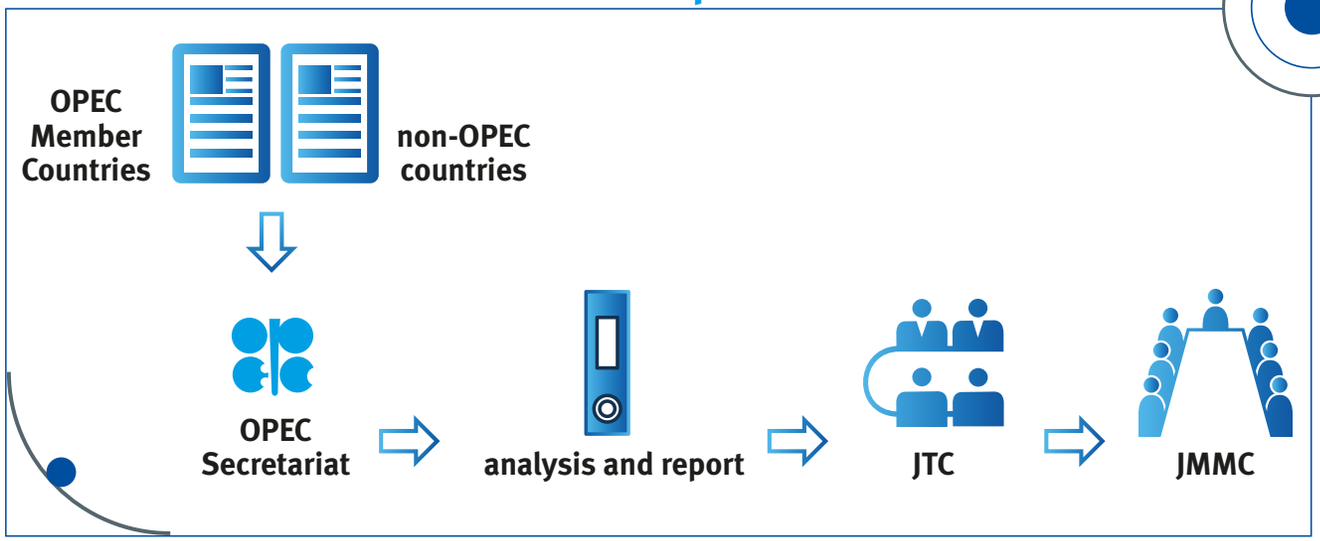


In reaffirming its commitment to joint cooperation for the achievement of lasting stability in the oil market, in the interests of oil producers and consumers, the Committee agreed to full and timely conformity with the following stipulations:

- The OPEC Secretariat will present a monthly production data report on OPEC Member Countries' crude oil and of the participating non-OPEC oil liquid production to the JMMC by the 17th of each month.
- Evaluation of conformity to the respective country production adjustment will be based on production data only.
- Each of the five Member Countries of the JMMC will nominate one technical contact person, to form a Joint Technical Committee (JTC), which shall include the Presidency

1st Meeting of the JMMC, Vienna, Austria, January 22, 2017.

Information flow within the Cooperation



of the OPEC Conference and shall assist the respective Ministers. The JTC will regularly cooperate with the OPEC Secretariat in preparing the monthly report for the JMMC and meet on a monthly basis before submitting their report to the JMMC.

- The JMMC will communicate monthly, after the 17th of each upcoming month, to consider the reports presented by the JTC and the OPEC Secretariat, as well as meet after the 17th of March 2017 and before the OPEC Conference in May 2017.
- The JMMC will issue a monthly press release on the progress towards the implementation of the OPEC 171st Ministerial Conference Decision and the 'Declaration of Cooperation'.
- The JMMC will report to the conference on the effect of the implementation of the OPEC 171st Ministerial Conference decision and the 'Declaration of Cooperation' on the market.

2nd JMMC Meeting, Kuwait City, Kuwait, March 26, 2017.

2nd JMMC Meeting

Kuwait City, Kuwait, March 26, 2017

Kuwait City was the destination for the 2nd JMMC meeting on March 26. Jabbar Ali Hussein Al-Luiebi, Iraq's Minister of Oil, and Suhail Mohamed Al Mazrouei, Minister of Energy of the United Arab Emirates, joined the oil and energy ministers of Kuwait, Algeria, Venezuela, the Russian Federation and Oman who had attended the first meeting, as well as the OPEC Secretary General.

Based on the Report of JTC for the month of February 2017, the JMMC issued a press release which highlighted that OPEC and participating non-OPEC countries continued their progress towards full conformity with their voluntary adjustments in production.

In February 2017, OPEC and participating non-OPEC countries achieved a conformity level of 94 per cent, an increase of eight percentage points over the January 2017 performance.

While in Kuwait, the JMMC paid a courtesy call on the Emir of Kuwait, His Highness, Sheikh Sabah Al-Ahmad Al-Sabah, to thank him and his Government for the support and guidance given to OPEC in the run up to the historic OPEC decisions in November and December 2016 and pledged their commitment to the full and timely implementation of the decisions.

His Highness, the Emir, welcomed the delegation and thanked the members for honouring the State of Kuwait with the responsibility of the Chairmanship of the JMMC and for hosting the 2nd Meeting of the JMMC in Kuwait City.

Aims of the JMMC

- joint analyses and outlooks with a view to ensuring a sustainable oil market
- for the benefit of producers and consumers
- regular review of the status of the cooperation at the technical and ministerial levels

2nd JMMC Meeting, Kuwait City, Kuwait, March 26, 2017.

3rd Meeting of the JMMC, Vienna, Austria, May 24, 2017.

3rd Meeting of the JMMC
Vienna, Austria, May 24, 2017

This was a JMMC of monumental significance. The Committee recommended to the OPEC Conference the extension of the 'Declaration of Cooperation' by a further nine months. This followed an assessment of the current market conditions, including the level of global inventories, and concluded that it was necessary to extend the production adjustments.

The meeting also noted that participating countries continued to conform at an impressive level with the 'Declaration of Cooperation', with April having a conformity level of 102 per cent. The 3rd JMMC was followed by the 2nd OPEC and non-OPEC Ministerial Meeting and the 172nd Meeting of the OPEC Conference.

The recommendation of the JMMC to extend the production adjustments for a further period of nine months was approved by the Conference, with effect from July 1, 2017. The Conference asked the JMMC and the JTC to continue their important work for the period of the extension of the 'Declaration of Cooperation'. It expressed its deep appreciation to the commitment and valued contribution of the JMMC and the JTC that have provided the transparency required in implementing the decisions taken last year in a timely and equitable manner. In this regard, specific thanks were given to Issam A Almarzooq, as Chair of the JMMC, and Haitham Al-Ghais, Market Research Manager at Kuwait Petroleum Corporation, who has served as Chair of the JTC.

The Conference agreed on expanding the mandate of the JMMC to continue to monitor conformity, evaluate market developments and make appropriate recommendations, if deemed necessary. Furthermore, it was decided that the JTC, supported by the OPEC Secretariat, would continue to provide its monthly technical assistance to the bodies of the 'Declaration of Cooperation'.

4th Meeting of the JMMC
St Petersburg, Russia, July 24, 2017

This meeting was graciously hosted by the Russian Federation, and the Committee expressed its deep appreciation to Alexander Novak, Minister of Energy, for the warm hospitality and excellent arrangements extended to all delegations.

The Committee reviewed the JTC report and noted that the oil market was making steady and significant progress towards rebalancing. This assertion was based on the Report of the JTC for the month of June 2017, which reviewed market developments and the results of the first six months of progress in implementing the 'Declaration of Cooperation'.

The JMMC, having reviewed the report of the JTC, including the presentations made by the representatives of Libya and Nigeria on their production recovery plans, prospects, and challenges, acknowledged the upside limitations of both countries beyond their current production levels. Once their production levels stabilize, participating producing countries should further cooperate in a manner that contributes to the stabilization of the

Above and below: 4th Meeting of the JMMC, St Petersburg, Russia, July 24, 2017.

5th Meeting of the JMMC, Vienna, Austria, September 22, 2017.

market. The JMMC agreed to continue to monitor and recommend further actions including the holding of an extraordinary conference of the 24 producing countries if needed.

The JMMC further welcomed the flexibility of Nigeria in this regard, which despite its commitment to recover its pre-crisis production level, voluntarily agreed to implement similar OPEC production adjustments, as soon as its recovery reaches a sustainable production volume of 1.8 million barrels/day.

5th Meeting of the JMMC

Vienna, Austria, September 22, 2017

At its 5th meeting, the JMMC was able to report the highest conformity level ever with the 'Declaration of Cooperation', 116 per cent. The JMMC welcomed the participation of Iraq, Libya and Nigeria, and the reaffirmation of their commitment to work closely with other participating producing countries to ensure the success of the 'Declaration of Cooperation'. Nigeria was represented by Dr Emmanuel Ibe Kachikwu, Minister of State for Petroleum Resources and Iraq by Alaa K Alyasri, the new General Director of Iraq's SOMO, who attended on behalf of his Oil Minister, Jabbar Ali Hussein Al-Luiebi.

The President of the OPEC Conference, Khalid A Al-Falih, Minister of Energy, Industry and Mineral Resources of the Kingdom of Saudi Arabia, participated in the meeting by telephone, expressed his solidarity with the JMMC, reiterated the commitment of Saudi Arabia to the success of the 'Declaration of Cooperation' and cautioned against complacency. Moreover, the President of the Conference reaffirmed the necessity of additional work to be undertaken by under-performing participating countries to bring their conformity levels to 100 per cent. He then thanked Libya and Nigeria for their positive engagement and their ongoing coordination with the participating countries in the 'Declaration of Cooperation'.

The JMMC took note of recent market developments and expressed confidence that the oil market is moving in the right direction towards the objectives of the 'Declaration of Cooperation'. Recent data confirmed that global oil demand growth in 2017 is now better than expected, while for 2018, world oil demand is anticipated to be robust.

An integral part of OPEC

The JMMC has become an integral part of the fabric of OPEC. It encapsulates OPEC/non-OPEC cooperation at its best: ministerial comradery, fruitful knowledge exchange, technical know-how and frank dialogue. Yet perhaps its greatest strength is cementing personal relationships between delegates, which are essential for the smooth functioning of any partnership. These contacts have evolved into friendships, and this bodes very well for the future OPEC/non-OPEC Cooperation.

The High-level Committee Meetings of the Algiers Accord

Eng Mohamed Hamel (l), Algeria's Governor for OPEC and Chairman of the OPEC Board of Governors in 2016, acted as the Chairman of the High-level Committee of the Algiers Accord of OPEC and non-OPEC oil producing countries. He is joined here by Mohammad Sanusi Barkindo (c), OPEC Secretary General; and the late Natiq Aliyev (r), Azerbaijan's Minister of Industry and Energy.

The 'High-level Committee (HLC) of the Algiers Accord' convened its **1st Meeting** on **October 28, 2016**, in Vienna. Initiated by the OPEC Conference to consider how best to implement the outcomes of the extensive bilateral and multilateral consultations held during the previous months, and which had culminated in a decision referred to at the time as the 'Algiers Accord' on September 28, 2016, at the 170th (Extraordinary) Meeting of the Conference, the HLC focused its deliberations on two main issues, namely: first, the implementation of the production decision of OPEC Member Countries; second, developing a framework of high-level consultations between OPEC and non-OPEC oil-producing countries.

This was then followed on Sunday, **October 29, 2016,** by a meeting of the HLC with key non-OPEC oil producing countries at OPEC headquarters in Vienna. The HLC sought their contributions for the effective implementation of the proposals made in Algiers. The participating OPEC and non-OPEC countries agreed to continue their consultations during November, and to hold another meeting immediately after the 2nd HLC meeting. Participating countries also resolved to strengthen their cooperation through regular, structured and sustainable consultations among OPEC and non-OPEC producers, and agreed that a framework should be developed in this regard.

The **2nd Meeting** of the High-level Committee of the Algiers Accord was held on **November 21–22, 2016**, at the OPEC Secretariat. Representatives continued their discussions on the implementation of the market rebalancing. They noted that market conditions had further deteriorated and that the stock overhang remained high, and emphasized that without joint action by producers, the rebalancing would move further away. Extensive discussions were held, which led to a consensus among Member Countries to forward a proposal to the OPEC Ministerial Conference for consideration as the basis for the implementation of the production adjustments.

With regard to the institutionalizing the framework for cooperation between OPEC and non-OPEC producing countries, the HLC recommended that at the policy level, regular annual Ministerial level meetings could be held between OPEC and non-OPEC, providing guidance from the Ministers on the programme and joint activities. At the technical level, technical meetings could be convened ahead of the meetings of OPEC's Economic Commissions Board and a structured programme with key deliverables was suggested, including joint activities and studies.

The work of the HLC during this critical time leading up to the 'Declaration of Cooperation' was paramount in its importance. The HLC, building on the spirit of cooperation and the momentum established in Algiers, was the mechanism that brought all parties together and which elicited from representatives their thoughts and ideas for the eventual decision arrived at on December 10, 2016. It is thus through the hard work of those on the HLC, and especially the disciplined leadership of its Chairman, Mohamad Hamel, Algeria's Governor for OPEC, that the 24 participating countries were able to arrive at the Declaration that embodied their shared commitment to the global community, the world economy, the oil industry and oil producing countries everywhere.

The Joint Technical Committee

The Joint Technical Committee (JTC) was established at the first meeting of the Joint Ministerial Monitoring Committee (JMMC) in January 2017, as a means to assist the JMMC in the realization of the production adjustments as per the 'Declaration of Cooperation'. The* OPEC Bulletin *highlights the role the JTC has played since the beginning of the year, as well as the vital function performed by the OPEC Secretariat.

At the first meeting of the JMMC in Vienna on January 22, 2017, participating ministers engaged in a detailed discussion regarding the framework for achieving the objectives and goals of the 'Declaration of Cooperation'. The JMMC highlighted the importance of the full and timely conformity to production adjustments and, in this regard, it agreed on a number of developments.

This included that each of the five Member Countries of the JMMC will nominate one technical contact person, to form a Joint Technical Committee (JTC), which shall include the Presidency of the OPEC Conference and shall assist the respective Ministers. The JTC will regularly cooperate with the OPEC Secretariat in preparing the monthly report for the JMMC and meet on a monthly basis before submitting their report to the JMMC.

Members of the JTC and the OPEC Secretariat pose for a group photograph at the conclusion of the first Meeting of the JTC.

The first meeting of the JTC was at the OPEC Secretariat in Vienna on February 22, with OPEC Secretary General, Mohammad Sanusi Barkindo opening the proceedings.

In his remarks, he noted the decision taken by the JMMC to form the JTC and added that "today, we are taking the important first step in this process — to lay the groundwork for this Committee's vital role" in the implementation process.

The Secretary General also suggested that the Chair and Co-Chair of the JTC should mirror that of the JMMC. The suggestion was accepted and consequently, Haitham Al-Ghais of Kuwait and Pavel Sorokin of Russia were appointed Chair and Co-Chair, respectively.

Haitham Al-Ghais is currently Manager, Market Research Department, International Marketing at Kuwait Petroleum Corporation (KPC). He has nearly 24 years of experience in the oil and gas industry.

Since joining KPC in 1993, he has held several key positions in various international marketing activities focused on negotiations and the development of crude oil and petroleum products agreements for KPC globally. He has vast international experience having headed KPC's Beijing office from 2005–07 and the London office from 2008–13.

In 2014, he was relocated from the London office to the KPC Head Office to head up the Market Research Department (to date) responsible for a team that provides marketing intelligence to support KPC's international marketing operations, long-term scenario planning and strategy development.

His responsibilities include providing KPC management, the KPC Board, the Council of Ministers, the Supreme Petroleum Council, Oil Minister, with oil and gas market outlooks, reports, studies and executive presentations.

He became Kuwait's OPEC Governor on June 1, 2017.

Pavel Sorokin is currently Head of Energy Research and Analysis at the Ministry of Energy of the Russian Federation. He joined the Ministry in September 2015, having previously spent just over three years as Vice President at Morgan Stanley, heading up the bank's Russian oil and gas research.

He was Director, and Senior Oil and Gas Analyst, at Alfa-Bank from 2010–12, and earlier was Vice President of UniCredit Markets and Investment Banking from 2007–10. He was also Senior Auditor at Ernst and Young from 2005–07.

He is a graduate of the Plekhanov Russian University of Economics.

The second meeting of the JTC was held in Vienna on March 17, with the OPEC Secretary General extending his appreciation to the JTC for their already critical input to the 'Declaration of Cooperation'. He said that the JTC group, with the help of the Secretariat, were "at the core of what we are trying to achieve, and I encourage you to keep up the good work of providing the expert input and advice that began at last month's meeting and will surely continue here today."

This was reinforced by Issam A Almarzooq, Kuwait's Minister of Oil and Minister of Electricity and Water, and Chairman of JMMC, at the 2nd Meeting of the JMMC, March 26 at the Jumeirah Messilah Beach Hotel, Kuwait. He thanked the JTC for its great support so far, and underscored the importance of the reports provided to the JMMC by the JTC, ably supported by the OPEC Secretariat.

The third meeting of the JTC was held in Vienna on April 17, followed by the **fourth meeting** on May 20, just prior to the third meeting of the JMMC, and the 172nd Meeting of the OPEC Conference and the 2 OPEC and non-OPEC Ministerial Meeting.

At the 172nd Ministerial Meeting, the Conference expressed its deep appreciation to the commitment and valued contribution of the JMMC and the JTC, which have provided the transparency required to implement the landmark decisions taken at the end of last year in a timely and equitable manner.

The Conference also agreed on "expanding the mandate of the JMMC to continue to monitor conformity, evaluate market developments and make appropriate recommendations, if deemed necessary." It added that "the recommendations of the JTC to the JMMC will also be considered in OPEC's Economic Commission Board, before submission to the OPEC Ministerial Conference. Furthermore, the JTC, supported by the OPEC Secretariat, will continue to provide its monthly technical assistance to the Bodies of the 'Declaration of Cooperation'."

The fifth meeting of the JTC was again held in Vienna on June 20, which was followed by the **sixth meeting** in St Petersburg, Russia, on July 22, just prior to the fourth meeting of the JMMC in the same city. In his opening remarks to the fourth JMMC on July 24, Khalid A Al-Falih, Saudi Arabia's Minister of Energy, Industry and Mineral

Group photograph of those who attended the second meeting of the JTC. The facing page shows participants at the third, fourth and fifth meetings.


Third Meeting
of the Joint Technical Committee


Fourth Meeting
of the Joint Technical Committee


Fifth Meeting
of the Joint Technical Committee

The sixth meeting of the JTC was held in St Petersburg, Russia, on July 22, 2017.

Resources, and President of the OPEC Conference, reiterated the importance of the JTC, and thanked them for their contributions, as well as the work of the OPEC Secretariat.

The JMMC in St Petersburg also instructed the JTC to hold additional technical level meetings with some OPEC and non-OPEC participating producing countries with the goal of further improving conformity levels in order to accelerate the rebalancing of the global oil market for the benefit of producers and consumers alike.

Following the sixth meeting, the JTC held 'special consultations' in Abu Dhabi, the United Arab Emirates (UAE), with several producing countries participating in the 'Declaration of Cooperation'. The session was held in Abu Dhabi in view of the UAE's upcoming presidency of OPEC in 2018.

Meetings were held in order to further assess oil market developments with the UAE, Iraq, Kazakhstan and Malaysia, who presented their outlook and prospects for their respective production levels.

In an OPEC press release, it was noted that "the conclusions reached with the countries at the meeting

Participants pose at the conclusion of the seventh meeting of the JTC. The facing page shows participants at the eighth and ninth meetings.

will help facilitate full conformity with the 'Declaration of Cooperation', which participating countries remain steadfast in their commitment to fulfil. The UAE, Iraq, Kazakhstan, and Malaysia all expressed their full support for the existing monitoring mechanism and their willingness to fully cooperate with the JTC and JMMC in the months ahead in order to achieve the goal of reaching full conformity."

The conclusions of this extraordinary meeting were further discussed at the **seventh JTC meeting** that took place on August 21 in Vienna. This was then followed by the **eighth meeting** of the JTC that was held in Vienna on September 20, just prior to the fifth meeting of the JMMC on September 22 in Vienna.

The importance of the JTC was again acknowledged at the JMMC meeting, with Barkindo highlighting "the heavy load and tireless work of the JTC … the technical power house of the JMMC." He added that "the JMMC and the JTC are key pillars of the implementation of the historic 'Declaration of Cooperation' and, as I remarked at dinner last night, have become the umbilical cord connecting the 24 participating countries."

The ninth meeting of the JTC was held in Vienna on October 20, with the Secretary General, in his opening remarks, highlighting remarks he heard the day before at the Oil and Money conference in London, whereby attendees to the conference had told him that "the first nine months of the 'Declaration of Cooperation' had laid some of the much needed foundations for the sustainable stability we all desire."

He added that "there is far more light at the end of the dark tunnel we have been travelling down for the past three years. There was a genuine feeling of cautious optimism."

He concluded that "we also need to appreciate that the task we embarked upon last year is not complete. I encourage everyone here today to buckle down and stay the course so together we can remain focused on achieving our common goal."

'Declaration of Cooperation' is succeeding in restoring balance and lasting stability to the market

- *The 'Declaration of Cooperation' was a manifestation of a broad based commitment to market stability.*
- *Decisions on voluntary production adjustments were widely acclaimed by all major stakeholders.*
- *Successful implementation of decisions has clearly had a positive impact on the markets.*
- *Depleting the stock overhang remains the utmost priority in addressing the supply glut in the market.*
- *Significant stock withdrawals continue accelerating the pace towards rebalancing the markets.*

Since 2014, the oil price cycle has been supply driven, characterized by the persistent imbalance in the international oil market and marked by a sharp decline in crude prices of an unprecedented 80 per cent between June 2014 and January 2016. The depth and duration of the downturn was alarming, as were its negative implications.

This led to the landmark decisions that were taken during the latter part of 2016, namely at the 170th (Extraordinary) Meeting of the OPEC Conference in Algiers, on September 28, 2016, and the 171st Ministerial Conference in Vienna, on November 30, 2016, the pinnacle of which was the 'Declaration of Cooperation' between OPEC and non-OPEC producers in Vienna on December 10, 2016. They were historic in nature and were the result of long and extensive consultations that took OPEC and non-OPEC officials around the world to meet in both formal and informal settings.

In January 2017, the 24 participating OPEC and non-OPEC producing nations began the implementation of the production adjustments which totalled around 1.8 million barrels/day and are observed by the transparent and well-defined mechanism of the Joint Ministerial Monitoring Committee (JMMC) and a supporting Joint Technical Committee (JTC).

These decisions were focused on encouraging an accelerated drawdown of the stock overhang, bringing the market rebalancing forward and ensuring that much needed investments returned to the industry. The essential objective was to reinstate lasting stability to the market for the benefit of all stakeholders and the global economy at large, which was widely commended by producers and consumers.

Addressing the supply glut

There was a sharp global inventory build-up between mid-2014 and the start of 2016 as supply outpaced demand. OECD commercial oil stock levels reached historic highs in early 2016 and for most of the year remained more than 300 million barrels above the five-year average. By July 2016, the oil stock overhang reached 385m b *(Graph 1)*, or 65.2 days of forward cover that was nearly seven days in excess of the five-year average *(Graph 2)*.

The monitoring and implementation of the decisions have been instrumental in stabilizing oil stocks throughout the process and the success is driven primarily by high conformity levels with the voluntary production adjustments of the 'Declaration of Cooperation'. The JMMC recently reported a record level of conformity of 120 *per cent*.

During the early months of 2017, there was a

temporary softening of the market. This was primarily attributable to the seasonally low demand, refinery maintenance and the shut-in of oil refinery throughput. The situation was exacerbated by rising production from a number of nations who were not participating in the 'Declaration of Cooperation', particularly with regard to US tight oil, in addition to the lagged implications of significantly rising supplies during the fourth quarter 2016. For example, non-OPEC increased its production by nearly 1.8m b/d from September to November 2016, and over the same period, OPEC increased its production by 650,000 b/d. This combined 2.5m b/d expansion was set against a global demand increase of just 200,000 b/d in the fourth quarter of 2016.

Oil stocks

However, the picture began to change as the year progressed. Stock levels in most regions of the world continued to drop over the last nine months, both onshore and offshore. The commercial oil stocks in the OECD have been reduced by 183m b since the beginning of this year, from 337m b in January to 154m b in September. In particular, there has been an observed acceleration in the pace of destocking, amounting to around 145m b from April to September. In terms of forward cover, OECD commercial inventories fell significantly to 62.3 days, only 1.9 days over the seasonal norm.

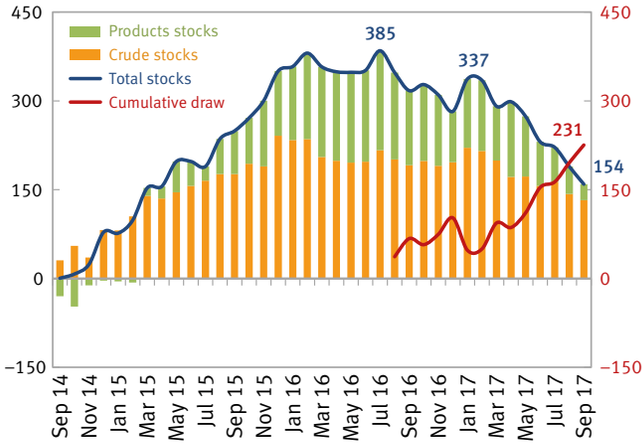
The overall excess of 154m b of oil stocks in September consists of 129m b of crude and 25m b of products. This underscores the fact that product inventories have almost converged with the five-year average.

Supported by the improving forward structure in the futures market, floating storage has also been on a declining trend since June. It is down by an estimated 51m b, with contango narrowing, then Brent flipping into backwardation for the first time since the second half of 2014.

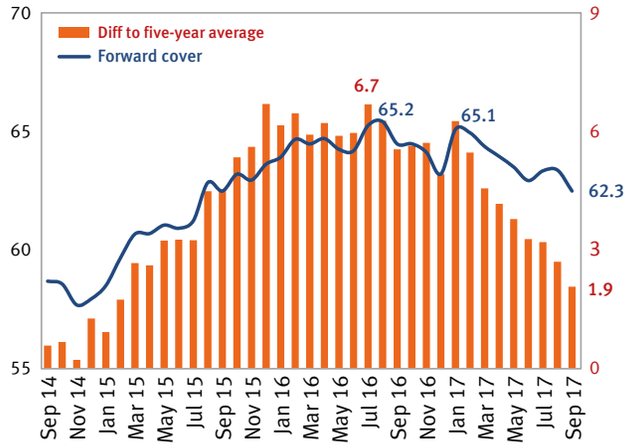
In the US market, crude oil stocks have come down by nearly 80m b so far this year. In fact, during September and October, we have seen a continuous drawdown of nearly 19m b and this is expected broadly to continue in the coming weeks, which is also being supported by higher refinery run rates and widening WTI and Brent spreads.

The momentum of the rebalancing is intact, while the inherent complexity involved in realigning the oil market would call for continued efforts during 2018 in order to deplete the remaining overhang of 154m b.

Graph 1: OECD commercial oil stocks *(month ending, m b)*



Graph 2: OECD commercial oil stocks *(forward cover, days)*



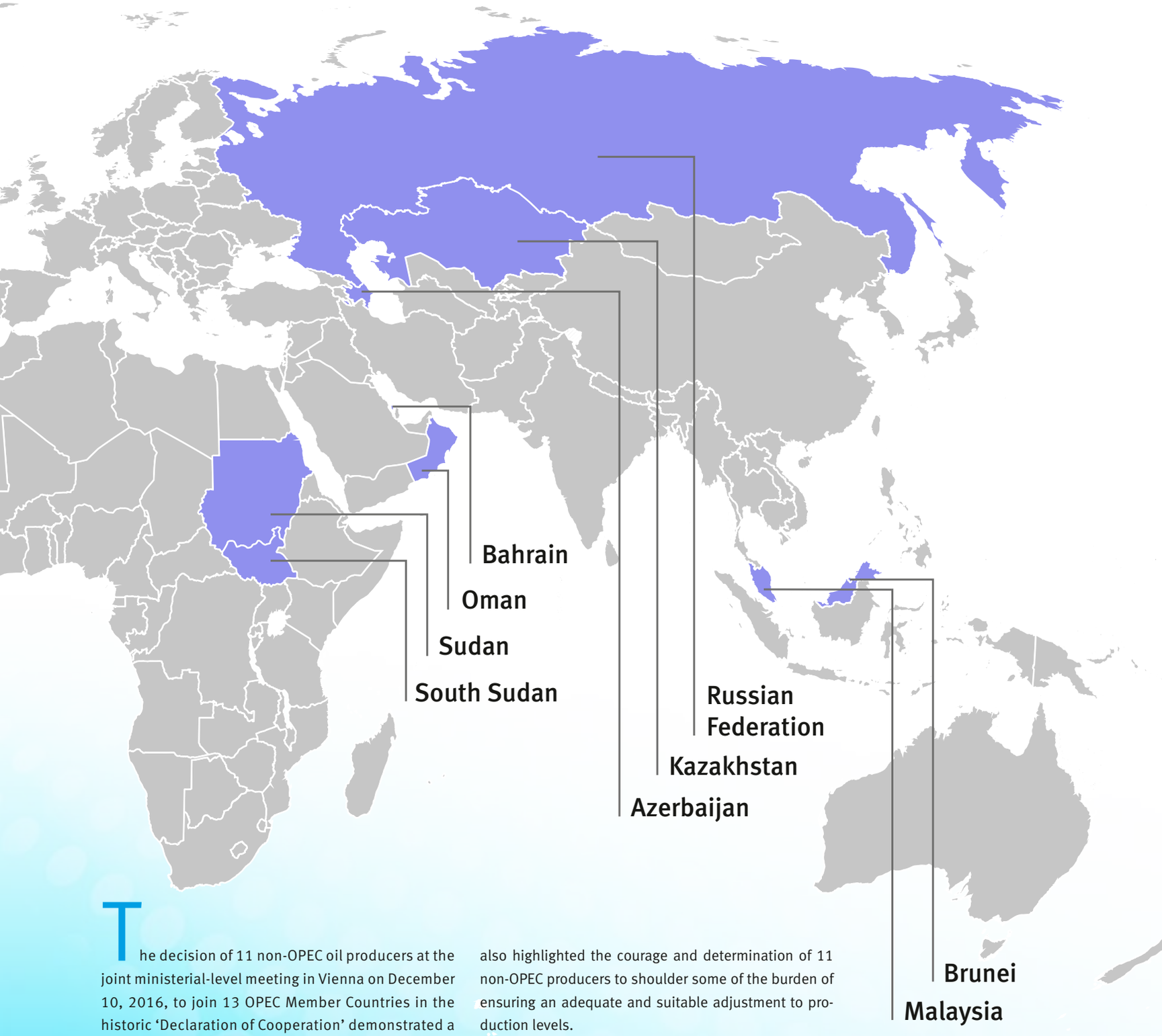
The oil supply and demand variables are fast returning to balance after a record three years of unprecedented downturn, as evidenced by the continuously positive fundamentals. We are already seeing more favourable industry conditions, an improving recovery in the global economy and robust oil demand growth.

The way forward

It should be borne in mind that fundamentals in the oil market today would have been much different without the committed efforts of the OPEC and non-OPEC participating producers and the effective implementation of the 'Declaration of Cooperation'. The strengthening of this foundation by building upon broader cooperation is a way forward in sustaining the market stability beyond short-term.

PROFILES IN COURAGE

A look at the non-OPEC producing countries participating in the 'Declaration of Cooperation'



The decision of 11 non-OPEC oil producers at the joint ministerial-level meeting in Vienna on December 10, 2016, to join 13 OPEC Member Countries in the historic 'Declaration of Cooperation' demonstrated a shared commitment to actively seek the restoration of market stability for the benefit of the world economy, the oil industry, and producers and consumers everywhere.

This joint decision not only underscored the resolve that the 24 producers had made to achieve an accelerated realignment of global oil supply and demand. It also highlighted the courage and determination of 11 non-OPEC producers to shoulder some of the burden of ensuring an adequate and suitable adjustment to production levels.

These 11 countries — now, just ten, since Equatorial Guinea joined the Organization earlier this year — are now part of the annals of history. With this 'Special Edition' of the *OPEC Bulletin,* we provide brief profiles of each of these ten non-OPEC countries as a way not only to express the appreciation that is due to them, but so that they may also be better known worldwide.

AZERBAIJAN

Panoramic view of Baku, the capital of Azerbaijan, showing the flame towers in the cityscape.

Background/history

Covering an area of around 87,000 square kilometres, the Republic of Azerbaijan is located in the South Caucasus region, situated at the crossroads between Southwest Asia and Southeastern Europe.

To its east lies the Caspian Sea and the country shares borders with Russia, Georgia, Armenia and Iran. The exclave of Nakhchivan borders Armenia to the north and east, Iran to the south and west, as well as Turkey to the north-west.

Azerbaijan declared independence from the Soviet Union on October 18, 1991. The country's flag is a horizontal tricolour, featuring three equally sized fesses of blue, red and green. In the centre of the flag are a white crescent and an eight sided star. The blue symbolizes Azerbaijan's Turkic heritage, the red represents progress and the green, Islam.

In 2020, the Olympic Stadium in Baku will be one of the venues for the Men's Senior European Football Championships. The stadium will host several group games and a quarter final.

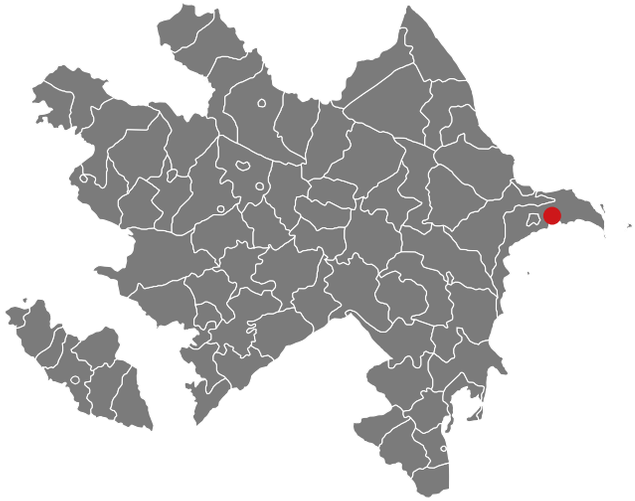
Oil industry

Oil has a long history in Azerbaijan. Marco Polo wrote in the 14 century that people in the region used oil for medicinal purposes. In 1847, the first oil wells were drilled in Bibiheybat, followed by Balakhany.

In 1901, Azerbaijan produced 11.5 million tons of oil and was the world's leading producer (the United States produced 9.1m t that year). In 1941, Azerbaijan produced 23.5m t, which amounted to 71.4 per cent of the Soviet Union's production. This helped it play a pivotal role in the victory of the USSR during the Second World War.

The State Oil Company of Azerbaijan Republic (SOCAR) (Azerbaijani: Azərbaycan Respublikası Dövlət Neft Şirkəti) is the state-owned national oil and gas company.

On September 20, 1994, the Joint Development and Production Sharing Agreement for the Azeri, Chirag and Gunashli (Deepwater) Field was signed. This agreement became known as the 'Contract of the Century' because of its significance. The agreement was signed by 11 oil companies from eight different countries.



Country name:	The Republic of Azerbaijan
President/Prime Minister:	Ilham Aliyev
Industry and Energy Minister:	Parviz Shahbazov
Capital:	Baku
Population (million):	9.492
Currency:	Azerbaijan Manat
Official language(s):	Azerbaijani
GDP per capita (US$):	3,956.60
GDP at market prices (million US$):	37,556
Proven crude oil reserves (million barrels):	7,000
Oil demand (kb/d):	95
Natural gas reserves (b cu m):	1,284

Icheri Sheher (old town) of Baku, Azerbaijan, a UNESCO World Heritage Site since 2000.

Recent projects

Some 75 per cent of Azerbaijan and other liquids production in 2015 was located in the Azeri-Chirag-Gunashli fields. The period between 2004 and 2010 saw an exponential rise in Azerbaijan's petroleum and other liquids production from 315,000 b/d to more than 1 million b/d.

According to the *Oil and Gas Journal*, Azerbaijan had a crude refining capacity of 120,000 b/d by the end of 2015. SOCAR began a project to refurbish the Heydar Aliyev Baku refinery in 2016 and expand its capacity from 120,000 b/d to 150,000 b/d. This is scheduled to be completed by late 2018.

Did you know?

- Azerbaijan has a city built on stilts: The settlement of Neft Daşlari started life as an oil rig and a couple of elevated walkways in the Caspian Sea: today, it is an entire stilted city. It was built in 1949, and communities have cropped up around bakeries, shops, cultural areas, hostels and hotels.
- Kutabi — filled pancakes — are very popular. Often, they are stuffed with pumpkin, vegetables, meat or herbs, then flipped and toasted on a griddle.
- The karabakh horse — famous for its effortless speed, intelligence and endurance — is the national animal of Azerbaijan. They are widespread in the country and one of the oldest breeds in the world.

BAHRAIN

Skyline of Manama city showing the World Trade Center in the Kingdom of Bahrain.

Background/history

The Kingdom of Bahrain can be described as an island country comprising of a small archipelago with Bahrain Island at its centre. It is situated between the Qatar peninsula and the north-eastern coast of Saudi Arabia, to which it is connected by the 25 km (16 miles) King Fahd Causeway.

At 770 square kilometres in size, it is the third smallest nation in Asia after the Maldives and Singapore. For a period, Bahrain's flag was the largest in the world, setting a Guinness World Record in 2004 at 169.5 metres long and 97.1 m wide. The five red points signify the five pillars of Islam.

The oldest known Bahraini flags were plain red. Following a treaty with the UK in 1820, a white stripe was added to the flag to indicate the truce. To distinguish Bahrain's flag from those of its neighbours, in 1932 a serrated edge was added. The flag originally had 28 white points, but this was reduced to eight in 1972 and then five in 2002.

Bahrain declared and achieved nationhood in 1971, joining both the United Nations and the Arab League in the same year.

Oil industry

The first oil in Bahrain was discovered in 1932.

Bahrain's oil and natural gas resources are governed by the National Oil and Gas Authority (NOGA).

NOGA controls multiple subsidiary companies, including the Bahrain Petroleum Company (BAPCO), the Bahrain National Gas Company (BANAGAS), and the Tatweer Petroleum Company.

Two oil fields are the source of the Kingdom's revenues: the onshore Bahrain (Awali) field, and the offshore Abu Safah field, which is jointly shared with Saudi Arabia. The Bahrain field, managed by the Tatweer Petroleum Company, produced around 50,500 b/d of crude oil in 2015, up from 48,800 b/d in 2014.

Country name:	The Kingdom of Bahrain
King:	HM Hamad bin Isa bin Salman Al Khalifa
Oil Minister:	Shaikh Mohamed Al-Khalifa
Capital:	Manama
Population (million):	1.319
Currency:	Bahraini dinar
Official language(s):	Arabic
GDP per capita ($):	24,190.30
GDP at market prices (million $):	31,907
Proven crude oil reserves (million barrels):	125
Oil demand (1,000 b/d):	65
Natural gas reserves (b cu m):	92

Qal'At Al Bahrain is the original capital and port of the island of Bahrain and a UNESCO World Heritage site.

Did you know?

- Bahrain's World Trade Centre is the first skyscraper in the world to integrate wind turbines into its design. Each turbine is 29 m in diameter and their capacity is 675 Kw of wind power production. The 240 m-tall tower has won several international awards including the LEAF (Leading European Architects' Forum) award for best use of technology in a large scheme.
- The Qal'at al-Bahrain (the harbour and capital of the ancient land of Dilmun) and the Bahrain Pearling Trail, in Muharraq, were declared UNESCO World Heritage Sites in 2005 and 2012, respectively.

BRUNEI DARUSSALAM

Sultan Omar Ali Saifuddien Mosque, Bandar Seri Begawan, Brunei.

Background/history

From the Middle Ages and extending to the Early Modern Period, encompassing the 14th, 15th and 16th centuries, Brunei Darussalam was the seat of a powerful sultanate extending over Sabah, Sarawak and the lower Philippines. This means that the current Sultan represents one of the oldest continuously ruling dynasties in the world.

The Sultan concluded a treaty with Great Britain in 1847 and in 1888 Brunei Darussalam officially became a British protectorate. In 1906, the Residential System was established in Brunei Darussalam, which meant a British Resident was appointed to advise the Sultan on all matters of administration except those concerning Islam.

On January 1, 1984, Brunei Darussalam resumed full independence from the UK but British control formally ended on February 23, 1984, the date which is celebrated as a holiday by Brunei.

Oil industry

Hydrocarbon revenues are extremely important for Brunei, forming about 60 per cent of its gross domestic product and about 90 per cent of its merchandise exports and Government revenues.

The Bruneian Government's energy policy from 2014 involves attracting $50–57 billion in foreign investment over the next 20 years in hopes of diversifying the country's energy supply.

For many decades, Brunei has had a joint venture with Royal Dutch Shell, meaning Brunei has long been a producer of oil and natural gas, primarily from two large, mature fields — Southwest Ampa and Champion — in the offshore Baram Delta.

Brunei has seen a lot of refurbishment in its fields in recent years, as many of the country's currently-producing oil and natural gas fields are aging, with a large portion of the shallow waters around the country already explored. Furthermore, refurbishment work at several oil facilities over the past few years contributed to recent oil production declines.

Currently, enhanced oil recovery projects, such as Champion Waterflood Project, are underway and will likely offset many of Brunei's natural production declines in the next several years.

Country name:	Nation of Brunei, Abode of Peace
Sultan and Yang di-Pertuan:	His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah
Minister of Energy and Industry at the Prime Minister's Office:	Yang Berhormat Pehin Datu Singamanteri Haji Mohammad Yasmin Bin Haji Uma,
Capital:	Bandar Seri Begawan
Population (million):	0.423
Currency:	Brunei dollar
Official language(s):	Malay
GDP per capita ($):	26,434.99
GDP at market prices (million $):	11,182
Proven crude oil reserves (million barrels):	1,100
Oil demand (1,000 b/d):	18
Natural gas reserves (b cu m):	258

The new Raja Isteri Pengiran Anak Saleha bridge in Brunei's capital is reported to be the second longest single-pylon cable-stayed bridge in the world.

Did you know?

- The Belalong Tree Frog is a rare species of frog which is only found in Brunei.
- The country's terrain is largely covered in jungle, with flat coastal plains rising to mountains in the east and hilly lowlands in the west.

KAZAKHSTAN

Bayterek is a monument and observation tower in Astana, Kazakhstan.

Background/history

The Republic of Kazakhstan is the world's largest landlocked country, at 2,724,900 square kilometres, larger than all of Western Europe. It borders five countries: Russia, China, Kyrgyzstan, Uzbekistan and Turkmenistan.

Nursultan Nazarbayev is President and has been since the country became independent from the Soviet Union in 1991. In 1997, the capital city was moved from Almaty to the more centrally located Astana (formerly Aqmola). Kazakhstan is one of the founding members of the Eurasian Economic Union, which came into effect on January 1, 2015.

Oil industry

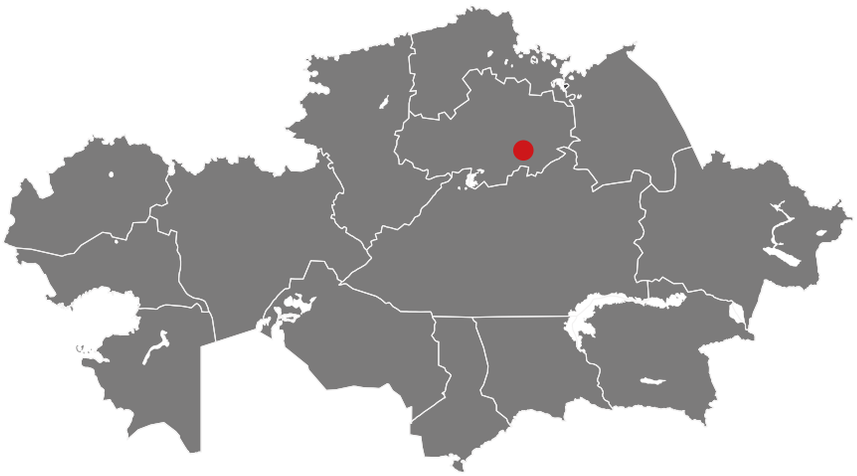
Kazakhstan is an exporter of light, sweet crude oil and is among the top 15 countries in the world when it comes to essential oil reserves, with three per cent of the world's total located there. About 62 per cent of the country is occupied by what are classified as 'oil and gas areas'.

There are 172 oil fields, more than 80 of which are currently undergoing development.

More than 90 per cent of oil reserves are concentrated in the 15 largest oil fields — Tengiz, Kashagan, Karachaganak, Uzen, Zhetybai, Zhanazhol, Kalamkas, Kenkiyak, Karazhanbas, Kumkol, North Buzachi, Alibekmola, Central and Eastern Prorva, Kenbai, Korolevskoye.

Oil fields can be found in six of the country's 14 provinces, namely, the Aktobe, Atyrau, West Kazakhstan, Karaganda, Kyzylorda and Mangystau provinces. About 70 per cent of the hydrocarbon reserves are concentrated in western Kazakhstan.

The importance of oil in Kazakhstan's history is reflected in several place names which have orographic and hydrographic origins: Maitobe (the oil hill), Karaarna (the black bed), Maikomgen (the oil burial place), Karashungul (cara cavity), Zhaksymai (good oil), Karamai (black oil), Karaton (black harden soil) and Munaily (petroleum).



Country name:	The Republic of Kazakhstan
President/Prime Minister:	Nursultan Nazarbayev
Energy Minister:	Kanat Bozumbayev
Capital:	Astana
Population (million):	17.947
Currency:	Tenge
Official language(s):	Kazakh and Russian
GDP per capita ($):	7,452.89
GDP at market prices (million $):	133,757.00
Proven crude oil reserves (m b):	30,000
Oil demand (1,000 b/d):	272
Natural gas reserves (b cu m):	1,907

The Stele monument Kazakh Eli located on Independence Square in Astana.

Recent projects

2016 was a momentous year for oil field development in Kazakhstan. The giant Kashagan field resumed production after years of delays. At full capacity, it is anticipated that Kashagan will produce 370,000 b/d of liquids. Furthermore, in July 2016, it was decided that the Tengizchevroil project would proceed with expansion, thereby increasing liquids production at the Tengiz project by about 260,000 b/d beginning in 2022.

The state's interests in Kazakhstan's oil and gas industry are represented by the national oil and natural gas company, KazMunaiGaz (KMG).

There are three major crude oil refineries with crude oil distillation capacity of 340,000 b/d, namely, Pavlodar, Atyrau and Shymkent. These three meet approximately 70 per cent of Kazakhstan's oil and diesel demand, with most of the remaining imports coming from Russia.

Did you know?

- The Kazakh Steppe is the biggest of its kind in the world, occupying a third of the country.
- The apple originated in Kazakhstan. The Malus sieversii, which is the progenitor of Malus domestica (the modern domesticated apple), still grows in the mountains of Kazakhstan.
- The world's largest chimney is in Kazakhstan. The chimney of the GRES-2 power station in Ekibastuz is 419.7 metres tall.

MALAYSIA

Skyline at Titiwangsa Park, Kuala Lumpur, Malaysia.

Background/history

Human habitation in Malaysia appears to date back 40,000 years. Before European colonization, the Malay Peninsula was known as Tanah Melayu. From the 18th century, the Malay kingdoms became subject to the British Empire. Malaya was restructured in 1948 as the Federation of Malaya and achieved independence on August 31, 1957. In 1963, Malaya became Malaysia, when the federation joined with joined with North Borno, Sarawak and Singapore on September 16, 1963, to become a new federation. Singapore left the federation less than two years later.

The original culture of the area stemmed from indigenous tribes that inhabited it, along with the Malays who later moved there. Substantial influence exists from Chinese and Indian culture, dating back to when foreign trade began. Other cultural influences include the Persian, Arabic, and British cultures. About half of the people of the multi-ethnic, multi-cultural country are Malay, which the second-largest community of overseas Chinese in the world. Islam is the established religion of the state, though the constitution grants freedom of religion.

Oil industry

Malaysia has a vibrant oil and gas industry. The national oil company, Petronas, was ranked the 69 biggest company in the world on the Fortune 500 list in 2014, with revenue of over $100.7 billion and total assets of over $169bn. The company provides around 30 per cent of the government's revenue, although the government has been actively cutting down its reliance of petroleum, and is targeting 20 per cent.

The oil discovery in Sarawak in 1910 marked the beginning of Malaysia's oil and gas industry. Since then, foreign oil companies were attracted to invest in Malaysia which created numerous employment opportunities and skills transfer to thousands of Malaysians.

Among the largest foreign oil companies by production volume are ExxonMobil, Shell and Murphy Oil, with Shell being the largest foreign investor in Malaysia's oil and gas sector.

Malaysia encourages foreign oil company participation through production sharing contracts, in which significant amount of oil will be given away to the foreign oil company until it reaches a production milestone. Currently, many major oil companies such as ExxonMobil, Royal Dutch Shell, Nippon Oil, and Murphy Oil are involved in such contracts. As a result, 40 per cent of oil fields in Malaysia are developed.

There are over 3,500 oil and gas businesses in Malaysia comprising international oil companies, independents, services and manufacturing companies that support the needs of the oil and gas value chain both domestically and regionally. Recent efforts by the government are focusing on enhancing output from existing oil and gas fields, new marginal fields, as well as exploration and development opportunities in deepwater areas.

Country name:	Malaysia
President/Prime Minister:	Najib Razak
Oil and Gas Minister:	YB Datuk Seri Abdul Rahman Dahlan
Capital:	Kuala Lumpur
Population (million):	31.661
Currency:	ringgit
Official language(s):	Malay
GDP per capita ($):	9,360.38
GDP at market prices (million $):	296,359.00
Proven crude oil reserves (million barrels):	3,600
Oil demand (1,000 b/d):	747
Natural gas reserves (bn cu m):	2,740

Kek Lok Si, 'The temple of supreme bliss', in Air Itam, Malaysia.

Recent projects

The Sabah-Sarawak Integrated Oil and Gas Project (SSIOGP) is one of Petronas' largest and most ambitious undertakings, spanning the northern coast of Sabah to the Petronas LNG Complex in Sarawak. There are four technically challenging fields in Sabah, including deepwater, high pressure and high temperature fields. The Sabah Oil and Gas Terminal is the largest integrated oil and gas terminal in Malaysia and Petronas' biggest greenfield project; 512 km of pipeline runs through harsh terrain to Bintulu, Sarawak.

Another important area of development has been Petronas Floating LNG (PFLNG), a custom-built vessel to liquefy, produce, store and offload liquefied natural gas (LNG), which allows for the processing of LNG to be done offshore hundreds of kilometres away from land. Operated by Petronas Floating LNG 1(L) Ltd, the development of Petronas' first floating LNG facility, PFLNG Satu, began in 2010 and is scheduled for start-up in 2016 at the Kanowit gas field, offshore Bintulu, Sarawak. It is expected to boost Malaysia's total LNG production capacity to 32 million tonnes per annum.

Enhanced oil recovery (EOR) technologies have enabled the extension of the viability of long-producing oil and gas fields. There are 24 IOR/EOR/IGR production enhancements projects already underway. In the area of petrochemicals, Saudi Arabia's state oil company, Saudi Aramco, has taken up strategic stakes in two petrochemical plants in Pengerang as part of its estimated $7bn investment in the project. It will be taking up a 50 per cent stake in a plant that produces polymers for $900 million from Petronas Chemicals Group Bhd (PetChem).

Did you know?

- Malaysia is a founding member of the Association of Southeast Asian Nations (ASEAN) and the Organization of Islamic Cooperation (OIC), the country participates in many international organizations such as the United Nations, the Asia-Pacific Economic Cooperation and the Developing 8 Countries. It has chaired ASEAN, the OIC, and the NAM in the past.
- Since its independence, Malaysia has had one of the best economic records in Asia, with its GDP growing at an average of 6.5 per cent per annum for nearly 50 years.
- Malaysia was once the largest producer of tin, rubber and palm oil in the world. It remains one of the world's largest producers of palm oil.
- Malaysia's oil reserves and natural gas reserves, are the fourth largest in Asia-Pacific after China, India and Vietnam.

MEXICO

The zocalo in Mexico City, with the cathedral and flag in the centre.

Background/history

Mexico is a federation made up of 31 states and a special federal entity that is also its capital and most populous city, Mexico City.

Before the Spanish arrived in 1519, Mexico was occupied by a large number of Indian groups with very different economic and social systems. When the Spanish arrived in central Mexico, the Aztecs controlled most of Mesa Central. From the time of Hernán Cortes's conquest starting in 1521 until 1821, Mexico was a colony of Spain. The Spanish Empire conquered and colonized the territory from its base in Mexico-Tenochtitlan, which was administered as the viceroyalty of New Spain.

Three centuries later, this territory became Mexico following recognition in 1821 after the colony's Mexican War of Independence. However, the post-independence period was tumultuous and characterized by economic instability and many political changes. The later Constitution of 1917 sought to destroy the last remaining vestiges of feudalism and led to the emergence of the country's current political system.

Oil industry

Asphalt and pitch have been worked in Mexico since the time of the Aztecs. Oil was first refined into kerosene in small amounts around 1876. By 1917, commercial quantities of oil were being extracted and refined by subsidiaries of the British Pearson and American Doheny companies.

The Mexican government then claimed all mineral rights for the state as part of its Constitution.

In 1938, President Lázaro Cárdenas (1934–40) sided with oil workers striking against foreign-owned oil companies for an increase in pay and social services, and on March 18, 1938, citing Article 27 of the Constitution of 1917, President Cárdenas embarked on the state-expropriation of all resources and facilities, nationalizing the United States and Anglo-Dutch operating companies, creating Pemex.

Energy production in Mexico is managed by state-owned companies: the Federal Commission of Electricity and Pemex.

Pemex is in charge of exploration, extraction,

Country name:	Mexico
President/Prime Minister:	Enrique Peña Nieto
Secretary of Energy:	Pedro Joaquín Coldwell
Capital:	Mexico City
Population (million):	122,273
Currency:	Mexican peso
Official language(s):	Spanish, 68 native language groups
GDP per capita ($):	8,554.64
GDP at market prices (million $):	1,046,002.00
Proven crude oil reserves (million barrels):	9,711
Oil demand (1,000 b/d):	1,952
Natural gas reserves (bn cu m):	270

The Angel of Independence stands in the centre of a roundabout in Mexico City, Mexico.

transportation and marketing of crude oil and natural gas, as well as the refining and distribution of petroleum products and petrochemicals.

Also known as Petróleos Mexicanos, Pemex is one of the largest companies in the world by revenue, making $86 billion in sales a year. In 2006, it was the world's second-largest non-publicly listed company by total market value.

Did you know?

- Mexico joined the Organisation for Economic Co-operation and Development (OECD) in 1994, becoming the first Latin American member.
- Mexico ranks first in the Americas and seventh in the world by number of UNESCO World Heritage Sites, thanks to its rich culture and history.
- Mexico is a member of the United Nations, the World Trade Organization, the G8+5, the G20, the Uniting for Consensus and the Pacific Alliance.
- In 2016, it was the eighth-most visited country in the world, with 35 million international arrivals.
- In 1968, Mexico City became the first Latin American city to host an Olympic Games. The country has also hosted the FIFA World Cup twice, in 1970 and 1986.
- Mexico is the sixth largest country in the Americas by total area and the 13th largest independent nation in the world.
- Mexico is the 11th most populous country and the most populous Spanish-speaking country in the world.

OMAN

The Sultan Qaboos Grand Mosque in Muscat, Oman.

Background/history

The Sultanate of Oman is located on the south-eastern coast of the Arabian Peninsula at the confluence of the Gulf and Arabian Sea.

The country's interior is mostly covered with arid desert, while the coastal regions are more verdant and fertile, producing vegetables and fruits. Muscat, the capital, located on the northern coast, is characterized by a mix of traditional and modern architecture and serves as the country's main port and commercial centre.

Located along the Indian Ocean trade route, Oman occupies a strategically important location and was known in ancient times for its frankincense and metalworking expertise. In the 16th century, Portugal colonized Muscat and ruled the city until 1650. During the Āl Bū Saʿīd dynasty of the 18th century, Oman regained control over its territory and claimed much of the Gulf as well. The dynasty remained in power into the 21st century, establishing close ties with the United Kingdom.

A modernization campaign was initiated after 1970. The Sultanate rapidly began developing its economy and today, it promotes and encourages business and tourism.

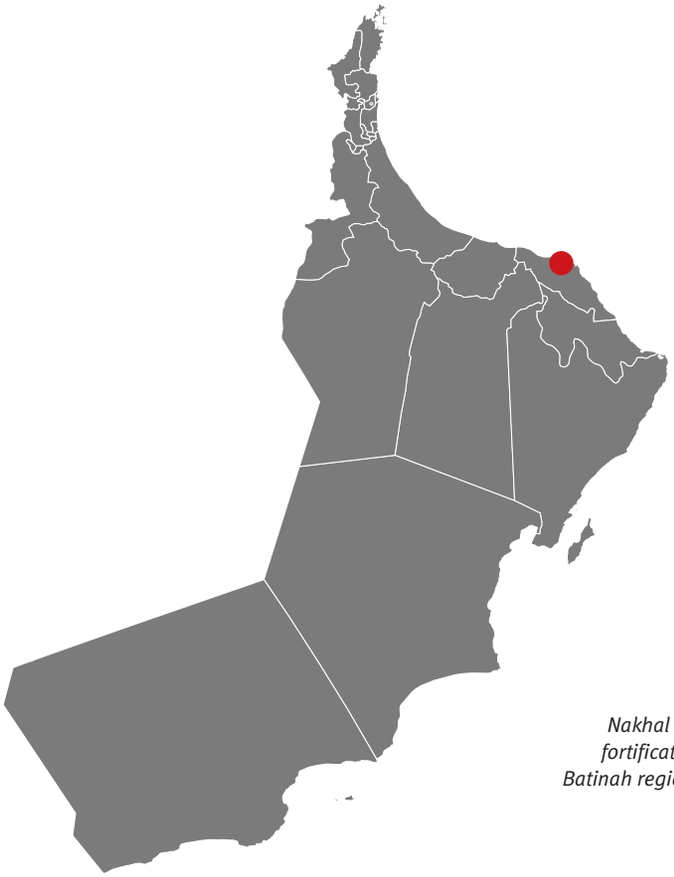
Oil industry

Oil was discovered in Oman in 1964 and was exported for the first time in 1967. Production and exports steadily rose to become a major part of the country's economy, representing roughly two-fifths of gross domestic product and nearly three-fourths of the government's income.

To plan for an eventual depletion of oil reserves, in 1996, the country shifted its focus to developing natural gas to help fuel domestic industry and boost exports of liquefied natural gas (LNG).

During the 1970s oil boom, Oman's crude oil production was at high levels, while declining oil prices in the 1980s led the government to increase production more to maintain revenue. In 1986, however, Oman decided to align itself with OPEC's policies, sustaining price levels through production adjustments aimed at reducing world oil supplies. In the 1990s, production increased again, and the next decade saw Oman produce oil at around three times the rate of the 1970s.

Oman is a participating non-OPEC producer in the Declaration of Cooperation and is a member of the Joint Ministerial Monitoring Committee as well as the Joint Technical Committee.



Nakhal Fort, a large fortification in the Al Batinah region of Oman.

Country name:	Sultanate of Oman
Sultan/Prime Minister:	Qaboos bin Said Al-Said
Minister of Oil and Gas:	Mohammed bin Hamad Al Rumhy
Capital:	Muscat
Population (million):	3,957
Currency:	Rial
Official language:	Arabic
GDP per capita ($):	15,964
GDP at market prices (million $):	63,171
Proven crude oil reserves (million barrels):	5,373

Bimmah sinkhole, one of the world's most beautiful natural sinkhole in Hawiyat Najm Park, Oman.

Did you know?

- The Sultan of Oman, Qaboos bin Said Al-Said, is the longest-serving ruler in the Middle East. Born on November 18, 1940, he is responsible for the modernization of Oman. He took control of the Sultanate of Oman in July 23, 1970.
- Oman is one of the oldest places inhabited by humans on the planet. Humans are estimated to have lived in the country for at least 106,000 years.
- Oman is the oldest independent state in the Arab world.

RUSSIAN FEDERATION

St Basil's cathedral and Monument to Minin and Pozharsky on Red Square in Moscow, Russia.

Background/history

Covering an estimated 17,098,242 square kilometres, Russia is the largest country in the world in total area. Its vast swath of territory stretches from Eastern Europe to northern Asia and encompasses 11 time zones. It has a wide variety of geography, ranging from deserts to deep forests and from semiarid step land to Arctic tundra. Europe's longest river, the Volga, and its largest lake, the Ladoga Lake, are also found within Russia's borders.

Russia is country of great diversity with more than 120 ethnic groups, a wide number of languages, religious affiliations and cultural traditions. The majority of the population is concentrated in the European section of the country, with Moscow and St Petersburg being the two main financial and cultural hubs.

The Russian Republic was founded in 1922, born out of the Russian Revolution, which took place in 1917. After World War II, Russia became a central figure in international politics as it entered into the Cold War with the United States. In 1991, after the Soviet Union broke up, Russia formed a coalition, the Commonwealth of Independent States, with several former Soviet republics. Since then, Russia has implemented a steady transition to privatization and modernization, enabling it to retain its status as a major player on the world stage.

Oil industry

Extracting an estimated one-fifth of the world's oil supply and with one-fourth of the worldwide natural gas output, Russia is a major player on the world energy scene. The main areas for production are found in northern part of Western Siberia, the Volga-Ural zone and the northern part of the Komi-Ukhta field. In former times, the Northern Caucasus region was a prominent area for production. Russia has an extensive pipeline infrastructure that that brings its oil and gas to all of its regions, as well as to neighbouring countries and westward to Europe.

Panorama view of Moscow city buildings, the modern business office centre on Moscow's river bank.

Country name:	Russian Federation
President:	Vladimir Putin
Minister of Energy:	Alexander Novak
Capital:	Moscow
Population (million):	143.4
Currency:	Ruble
Official language:	Russian
GDP per capita ($):	8,929
GDP at market prices (million $):	1,280,731
Proven crude oil reserves (million barrels):	80,000
Oil demand (1,000 b/d):	3,424
Natural gas reserves (bn cu m):	50,485

In an effort to diversify its resource base, during the second half of the 20th century, Russian expanded into the production of chemicals, building plants in the Ural, North Caucasus and Volga regions.

Russia is a non-OPEC participating producer in the 'Declaration of Cooperation' and Co-Chair of the Joint Ministerial Monitoring Committee, as well as the Joint Technical Committee. It has played a leading role in the historical cooperation and decisions that led to the Declaration and its subsequent extension.

Did you know?

- The Hermitage Museum in St Petersburg is home to around 70 cats, which guard its artistic treasures against rodents. This tradition was started by Empress Elizabeth, the daughter of Peter the Great, who issued a decree in 1745 to employ the services of the feline protectors.
- Subbotnik is the day when Russian citizens come out and voluntarily clean up the streets. This long-held tradition started after the Revolution.
- Contrary to popular belief, the name Red Square, has nothing to do with communism. It actually derives from the word 'krasnyi', which once meant 'beautiful'.

SOUTH SUDAN

Aerial view of Juba, the capital of South Sudan, with the River Nile.

Background/history

South Sudan, officially the Republic of South Sudan, is a landlocked country in north-eastern Africa that gained its independence from Sudan in 2011. The country is bordered by Sudan to the north, Ethiopia to the east, Kenya to the south-east, Uganda to the south, the Democratic Republic of the Congo to the south-west, and the Central African Republic to the west. The country is divided into ten states: Western Bahr el Ghazal, Northern Bahr el Ghazal, Warrap, Lakes, Unity, Upper Nile, Jonglei, Western Equatoria, Central Equatoria, and Eastern Equatoria. The major towns are: Juba, Wau and Malakal.

Geographically, South Sudan is not part of the Sudan region at all (the Sahel), forming as it does part of Sub-Saharan Africa. The country includes the vast swamp region of the Sudd, formed by the White Nile and known locally as the Bahr al Jabal. It is one of the most diverse countries in Africa, home to over 60 different major ethnic groups, and the majority of its people follow traditional religions.

Oil industry

See the entry for 'Republic of Sudan' for the history of the oil industry before 2011.

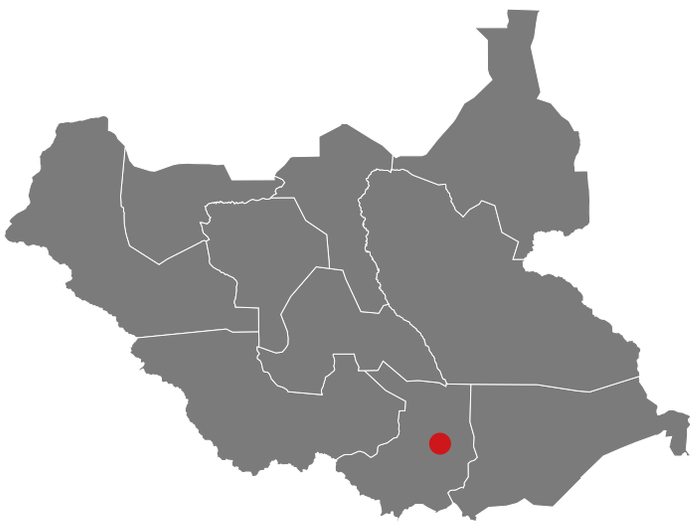
After independence in 2011, South Sudan was left with more than 75 per cent of the total oil reserves of the previous Sudan.

At present, CNPC, PETRONAS Malaysia and India's Oil and Natural Gas Corporation are the major oil producers in South Sudan. Nile Petroleum Corporation (NILEPET) is the state owned national oil company.

Street view in Juba.

Aerial view of traditional housing in South Sudan.

Country name:	Republic of South Sudan
President:	Salva Kiir Mayardit
Minister of Petroleum:	Ezekiel Lol Gatkuoth
Capital:	Juba
Currency:	South Sudanese pound
Official language(s):	English
Population (millions):	12.499
GDP per capita ($):	$233.14
GDP at market prices (millions $):	$2,914.00
Proven crude oil reserves (million barrels):	3,500
Oil demand (kb/d):	11
Natural gas reserves (bn cu m):	64



Did you know?

- National Basketball Association players, Luol Deng and the late Manute Bol, both hailed originally from Southern Sudan.
- South Sudan is one of Africa's most linguistically-diverse countries. It has several hundreds language groups.

SUDAN

View of the City of Khartoum, Sudan.

Background/history

The history of the Republic of Sudan, which is intertwined with the history of the Republic of South Sudan, goes back a long time. The 25th Dynasty of Ancient Egypt (760 BC to 656 BC) was a Kush dynasty, and these were Sudanese people who ruled over those territories.

Great Britain occupied Egypt in 1882 and took over Sudan in 1898, ruling the country in conjunction with Egypt. It was known as the Anglo-Egyptian Sudan between 1898 and 1955. In February 1953, Great Britain and Egypt concluded an agreement providing for Sudanese self-government and self-determination. The British and Egyptian Governments recognized the independence of Sudan on January 1, 1956.

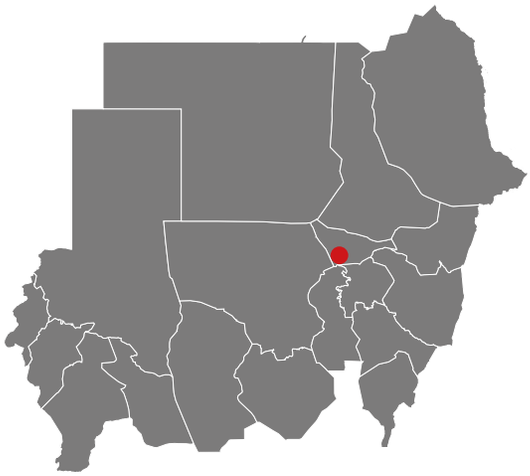
The Republic of Sudan, the third largest African country by territory, measures about one-fourth the size of the United States. Its neighbours are Chad and the Central African Republic in the west, Egypt and Libya in the north, Ethiopia and Eritrea in the east, and South Sudan, Kenya, Uganda, and Democratic Republic of the Congo in the south. The Red Sea washes about 500 miles of its eastern coast. It is traversed from north to south by the Nile, all of whose great tributaries are partly or entirely within its borders.

Oil industry

Exploration for petroleum in Sudan started in 1959, when Italian company Agip acquired a concession area along the Sudanese Red Sea coast. However, the extensive exploration efforts of Agip resulted in no significant commercial discovery of oil.

Onshore petroleum activities began in Sudan in 1975 when US-group Chevron was granted a large concession in several provinces of south-central Sudan, including in Western Kordofan and Western Upper Nile. In 1979, Chevron struck oil near Abu Jabra and then Al Sharaf. The company soon went on to make major discoveries in Western Upper Nile in what is now Block 1, near Bentiu, and developed the Muglad Basin where they found two huge oil fields, Unity and Heglig, both in the South. Chevron suspended its operations in 1984 and sold its interests to the Sudanese company Concorp in 1992.

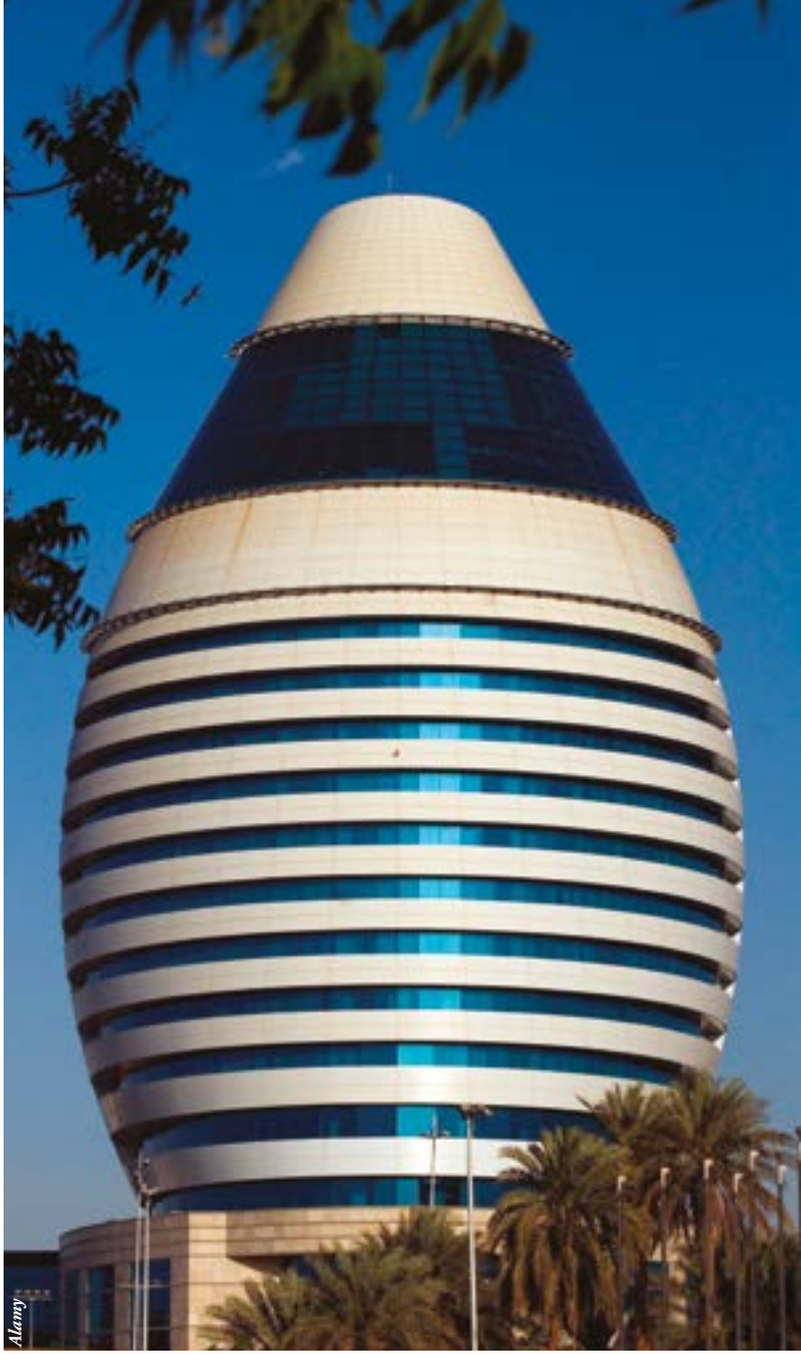
Following further sales and consolidations, the Greater Nile Petroleum Operating Company (GNPOC) was formed in 1997. Today, GNPOC is a joint operating company owned by China National Petroleum Corporation with 40 per cent; Petronas of Malaysia with 30 per cent; ONGC Videsh of India with 25 per cent; and Sudan National Petroleum Corporation (Sudapet) with five per cent.



Country name:	Republic of Sudan
President:	Omar Hassan Ahmad al-Bashir
Minister of Petroleum and Gas:	Abdelrahman Osman Abdelrahman
Capital:	Khartoum
Population (millions):	39.599
Currency:	Sudanese pound
Official language(s):	Arabic, English
GDP per capita ($):	$2,384.43
GDP at market prices (millions $):	$94,421.00
Proven crude oil reserves (million barrels):	1,500
Oil demand (1,000 b/d):	119
Natural gas reserves (bn cu m):	85

The GNPOC made considerable discoveries, increasing the amount of proven reserves in the country. It also succeeded in the construction of the pipeline from the Heglig and Unity fields to Port Sudan on the Red Sea. In 1999, the pipeline became operational and carried the first Sudanese oil exports to Port Sudan. The GNPOC concession in the Western Upper Nile area, includes the large Unity and Heglig oil fields, as well as smaller fields at El Toor, El Noor, Toma South, Bamboo, Munga and Diffra.

The majority of the country's reserves are located in the oil-rich Muglad and Melut basins, which extend into both the Republic of Sudan and the Republic of South Sudan.



The Burj al Fateh hotel has transformed the banks of the Nile in old Khartoum.

Did you know?

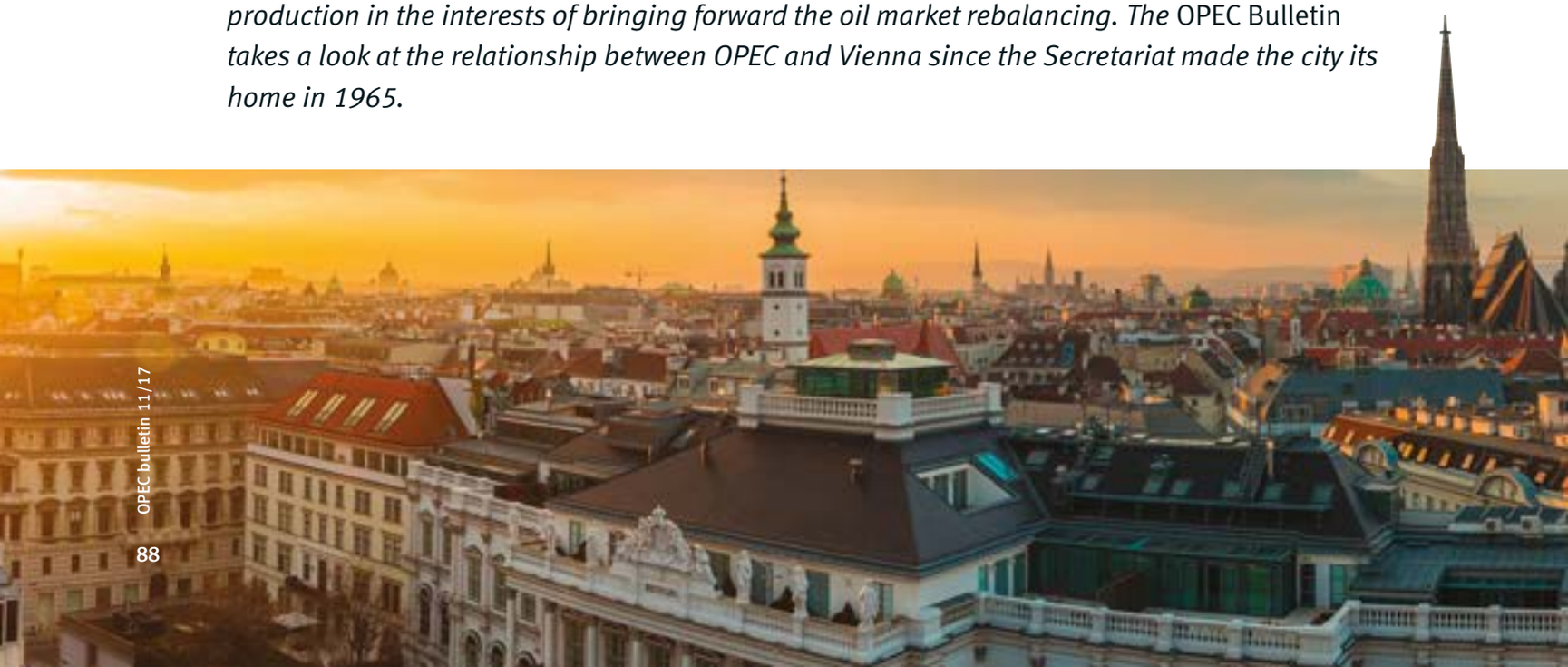
- Sudan celebrates its independence day on January 1.
- The White and Blue Nile rivers run through Sudan and merge at Khartoum, becoming the Nile River before flowing into Egypt.

OPEC Secretariat venues in Vienna — 1965–67: Möllwaldplatz 5, 1040. *1967–77: Universitätsring 10, 1010.*

Vienna:

OPEC's home city

Vienna has been the home of the OPEC Secretariat since 1965. It has hosted 100 meetings of the OPEC Ministerial Conference, as well as countless other OPEC meetings and events. It was also the venue for the landmark 'Declaration of Cooperation' between OPEC and non-OPEC producing countries on December 10, 2016, whereby 24 participating sovereign nations decided to adjust production in the interests of bringing forward the oil market rebalancing. The OPEC Bulletin *takes a look at the relationship between OPEC and Vienna since the Secretariat made the city its home in 1965.*



1977–2009: Obere Donaustraße 93, 1020.

2009–current: Helferstorferstrasse 17, 1010.

In 1960, on the banks of the rivers Euphrates and Tigris near historic Babylon, the five Founding Fathers of OPEC — Venezuela's Juan Pablo Pérez Alfonzo of Venezuela, Abdullah al-Tariki of Saudi Arabia, Dr Tala'at al-Shaibani of Iraq, Dr Fuad Rouhani of Iran and Ahmed Sayed Omar of Kuwait — gathered together in the Al-Shaab Hall from September 10–14, 1960, to found OPEC. This became known as the historic 'Baghdad Conference'.

These five Founding Members initially found a home for the young Organization in the Swiss Canton of Geneva, Switzerland. In 1965, however, Austria, still rebuilding after the ravages of the World War II, was keen to attract international organizations to its capital and offered the Organization the opportunity to relocate. It resulted in OPEC becoming the third international organization to set up offices in Vienna after the International Atomic Energy Agency (IAEA) and the United Nations Industrial Development Organization (UNIDO).

OPEC's first address in Vienna was Möllwaldplatz 5 in the city's fourth district, where it busied itself appointing new members of staff to support its fledgling activities and initiatives. Just over a year later, with the expansion continuing, it moved to more spacious premises at Dr-Karl-Lueger-Ring 10 (now Universitätsring) in the central first district, where it remained for a decade.

In 1977, again needing more office space to support its growing workforce, particularly for its expanding research activities, OPEC relocated to Obere Donaustrasse 93 in the second district, where it stayed for 32 years. The year 2009 saw the Organization move back to the first district — to its current eight-story headquarters at Helferstorferstrasse 17.

The decision for the Organization to move to Vienna was approved under a Host Agreement at the 8th (Extraordinary) Meeting of the OPEC Conference, held in Geneva in April 1965. The original Host Agreement was signed by Ashraf Lutfi, then OPEC Secretary General, and Dr Bruno Kreisky, the Austrian Foreign Minister at that time. OPEC's first meeting in Vienna — the 10th Meeting of the Ministerial Conference — was convened in December 1965.

In an interview with the *OPEC Bulletin* in 2015, Djemal Berrouka, former Head of Protocol in the Office of the Secretary General, said that in 1965 Austria was a neutral state like Switzerland and Sweden. "It was the cleverness of the foreign ministry to turn this into a positive thing," said Berrouka. Austria had the required conditions to turn Vienna into an international centre. "It qualified to be a United Nations international centre, especially under Kreisky ... there was good policy. Kreisky saw Vienna as a connecting point between east and west."

Shutterstock

The Vienna City Hall (Rathaus), located on the Ring around the city centre.

Interior of the Palais Ferstel, venue to OPEC dinners.

52 years and on ...

The decision to relocate represented the start of a long and prosperous relationship that has seen ties between OPEC and Austria go from strength-to-strength. This has been extremely beneficial to both sides.

For OPEC, one of the most important aspects for any successful operation is to be able to work and prosper in a functional, creative and enabling environment. In this regard, what Austria and Vienna offer is second to none. The fact the capital is regularly voted as the top city in the world for 'livability' speaks volumes.

It is also a cultural haven and blessed with an abundance of amenities. In turn, this creates the perfect conditions for the Organization to conduct its business; a business that is invariably challenging. At all times, OPEC is aware of the level of professionalism and care attached to it being in Vienna. There is a real sense of belonging.

For Vienna, OPEC's presence in the country, other than its international standing, represents huge economic benefits. Each of the Organization's Ministerial Conferences held in Vienna attracts a large number of delegates from OPEC Member Countries, in addition to numerous analysts, experts and many representatives from the international media. But it does not end there.

To date, OPEC has held six international seminars in Vienna, the last four of which have been at the historic Hofburg Palace. Attendees to the last seminar held in June 2015 numbered over 800, for example. The next OPEC International Seminar, the seventh edition, will also be held at the Hofburg Place, from June 20–21, 2018, under the theme, 'Petroleum — cooperation for a sustainable future'. In addition to this, OPEC convenes regular workshops, roundtables and high-level meetings in Vienna with other interested parties associated with the global energy sector.

Vienna: the city

Modern Vienna has undergone several historical incarnations. From 1558 to 1918 it was an imperial city — until 1806 the seat of the Holy Roman Empire and then the capital of the Austro-Hungarian Empire. In 1918, it became the capital of the truncated, landlocked central European country that emerged from World War I as a republic.

In the decade following World War II, Austria was occupied by British, French, American, and Soviet forces, and Vienna was divided into five zones, including an international zone, covering the Innere Stadt ('Inner City'). In 1955 the State Treaty, by which the country regained independence, was signed with the four occupying powers, and Vienna became once again the capital of a sovereign Austria.

Over the years it has garnered many accolades, and evolved into a city of superlatives. However, no one word describes Vienna. It is a city of music, of art, and of culture. Mozart, Beethoven and Brahms all spent time working and performing here and helped it earn the nickname the City of Music. It was also the home of renowned artist Gustav Klimt, one of the most prominent members of the Vienna 'Secession' artistic movement, as well as Egon Schiele. It has also been called the City of Dreams since it is the birthplace of Sigmund Freud, the world's first psychoanalyst.

Baroque streetscapes and imperial palaces, musical masterpieces, distinguished museums and vibrant galleries, set alongside its old style coffee-house culture, traditional 'Heurige' and its

Hofburg and Heldenplatz, venue for the OPEC International Seminar.

View of the beautiful arcade at Palais Ferstel.

The entrance of the Palais Pallavicini, an architectural jewel in Vienna's first district.

eclectic mix of new bars, restaurants and cafes. It is a city steeped in history, while also boasting the comforts and infrastructure of a modern city. Vienna has managed to perfectly intertwine its strong and beautiful artistic culture into a modern metropolis of 1.7 million people.

Given the relationship between OPEC and Vienna over the decades, a number of famous Viennese venues have played host to various OPEC events. These include:

The Hofburg Palace — the venue for OPEC's widely acclaimed International Seminar. The palace, located in the city's first district, was the former imperial 'winter' residence of the Hapsburg emperors until 1918. It was built in the 13th century and has been expanded in the centuries since. It is one of the largest palace complexes in the world, occupying an area of some 59 acres. It is in many ways a 'city-within-a-city', comprising 18 groups of buildings, 19 courtyards, and 2,600 rooms. Today, it is home to numerous museums with outstanding collections, the Spanish Riding School, various Viennese balls, a large congress centre and is the seat of the Austrian Federal President.

The Rathaus, Vienna — the venue has played host to dinners for the OPEC International Seminar. The building is the city hall of Vienna, located on Rathausplatz in the first district. Constructed from 1872–83 in a richly adorned Neo-Gothic style, it houses the office of the Mayor of Vienna, as well as the chambers of the city council. The Rathaus also accommodates the historic 'Wiener Rathauskeller' restaurant. The traditional restaurant consists of several baroque halls, offering small traditional Viennese delicacies to grand gala buffets.

Palais Ferstel — the venue played host for the dinner on the occasion of the 172nd Meeting of the OPEC Conference and the 2nd OPEC and non-OPEC Ministerial Meeting in May 2017. The palace is a fantastic mix of Italian architecture styles, with stunning rooms, dazzling chandeliers and an impressive colonnaded courtyard. It is an Italian Palazzo in the heart of Vienna's first district.

Palais Pallavicini — the venue played host to Ministers and delegations on the occasion of the 5th Meeting of the Joint Ministerial Monitoring Committee in September 2017. Another architectural jewel in Vienna's first district the palace combines baroque splendour and elegant classicism. It was also the palace used in the famous 1949 film 'The Third Man' as the location for Harry Lime's apartment.

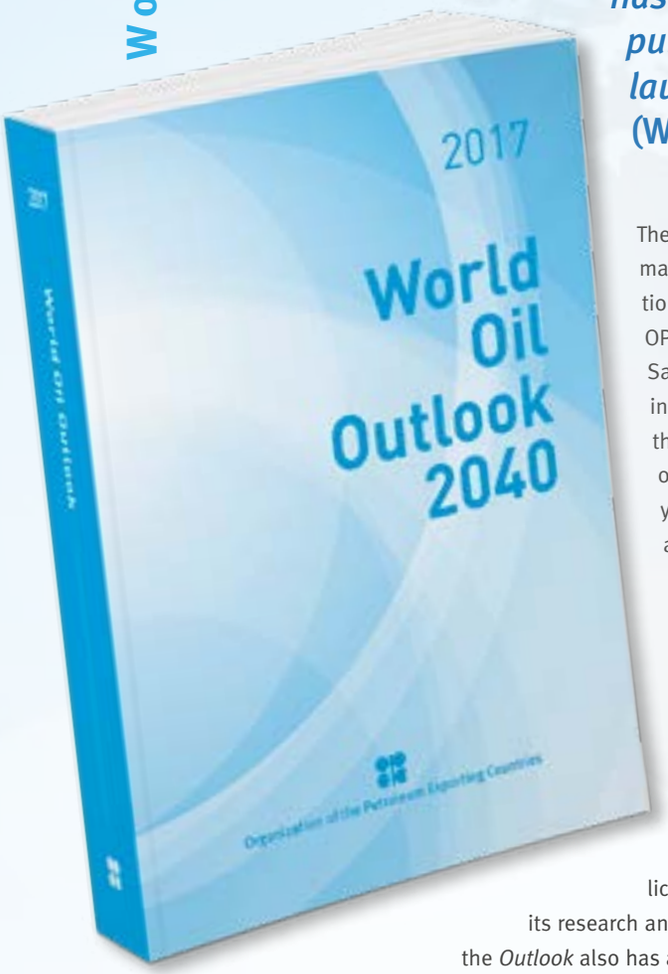
An historic relationship

Many people and organizations have contributed to OPEC's success over the years, but none more so than the authorities of the Republic of Austria and City of Vienna. It has played host to many of OPEC's landmark meetings, including the historic 'Declaration of Cooperation' in December 2016.

The Organization will forever be grateful to the visionaries that more than 50 years ago asked OPEC to make Vienna its home. Austria's exemplary support, generosity and flexibility, which without question enables OPEC to function at its best, will always be held in the highest regard. There is no doubt that OPEC and Vienna will share many more years and decades together.

OPEC launches *World Oil Outlook 2017*

Among OPEC's various objectives is the need to continually strive to provide comprehensive analysis and oil market data to energy stakeholders, as well as to the general public. Over the years this has been underscored through OPEC's monthly and annual publications, and this was prominent once again at the launch of the 2017 edition of the OPEC* World Oil Outlook (WOO) *in Vienna on November 7.



The *WOO* was first published in 2007, making the 2017 version the 11th edition. In his introductory remarks, the OPEC Secretary General, Mohammad Sanusi Barkindo, stated that back in 2007, "it was emphasized that the *Outlook* was a prime example of our support for data and analysis sharing, as well as openness and transparency. It was seen as a platform to further enhance the Organization's commitment to support market stability, through opening up new avenues for dialogue and cooperation."

The Secretary General stressed that "this focus has remained central to the *Outlook* in the years since, as the publication has evolved and expanded its research and analysis." Moreover, he added, the *Outlook* also has an online interactive version, first launched in 2015, that enables users to download specific data and information that lies behind the analysis and commentary.

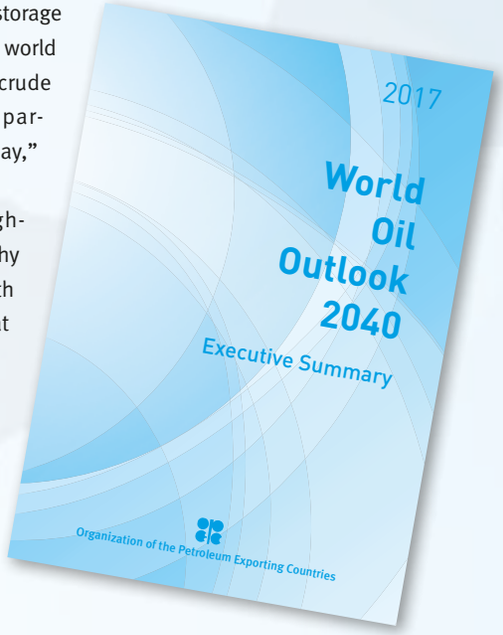
Historic year

Barkindo also noted that the last year has been an historic one for OPEC and the global oil industry. "Since publication of the *WOO 2016* in early November last year," he said, "the oil market has undergone some substantial changes. It has been a period where the rebalancing of the global oil market has gathered significant momentum, buoyed by a number of important factors."

The main focus has been on the historic production adjustment decisions reached by OPEC and participating non-OPEC producers at the end of 2016 and then extended in May 2017, for a further period of nine months till the end of March 2018. Barkindo stated that "major commitment to production adjustments has been central to the rebalancing process that the market has undergone in 2017."

He noted the consistently high monthly conformity levels around or over 100 per cent, which in turn helped with the destocking process, both onshore and offshore. "There has been a massive drainage of storage tanks around the world in terms of both crude and products, particularly since May," he said.

He also highlighted the healthy oil demand growth and the fact that Brent flipped into a clear backwardation in early September,



Mohammad Sanusi Barkindo, OPEC Secretary General.

the first time since the second half of 2014. "There are clear signs that the rebalancing of the oil market is in sight," he stressed.

The Secretary General added that the importance of this positive development, specifically in terms of helping to achieve sustainable market stability, is clearly vital across all timeframes.

"While the focus for many is naturally on the short-term," he said, "we need to remember that the short-, medium- and long-terms are all interlinked. All are equally important, and none can be viewed in isolation."

Looking ahead

This year's *WOO* underlines these linkages, but also takes on board the various shifting industry dynamics in terms of both supply and demand, considers developments in the global economy, and examines a diverse range of industry challenges and opportunities. These include evolving technologies, policies, climate change, energy efficiency and sustainable development, as well as the shifting energy mix.

This was all underscored in the *WOO* presentation delivered by Dr Ayed S Al-Qahtani, Director of OPEC's Research Division. Al-Qahtani began by outlining the key assumptions that underpin the *WOO 2017*; specifically those related to expected socio-demographic changes, economic growth trends, as well as energy policies and technology development.

He noted that the *WOO* sees the global population "increasing from 7.3 billion in 2015 to 9.2bn by 2040," mainly from developing countries, particularly those from the Middle East and Africa region and India.

From the perspective of anticipated long-term global gross domestic product (GDP), Al-Qahtani noted that the average growth rate from 2016–40 was 3.5 per cent per annum (pa), driven by developing countries, which on average are expected to grow by 4.5 per cent pa. Looking at the size of the economy in 2040, he said "it is estimated to be 226 per cent that of 2016."

In terms of energy policies and technological development, he noted that the *WOO* expects these factors to continue to push energy efficiency and emission reduction, with the publication assuming "an evolutionary development" in the long-term.

Energy outlook

What these assumptions mean for the energy demand is an expected increase of 35 per cent between 2015 and 2040, rising from 276 million barrels of oil equivalent a day (m boe/d) to 372m boe/d.

Al-Qahtani highlighted that "oil remains as the most important fuel over the forecast period," although the largest contribution to future energy demand is projected to come from natural gas. The fastest growing energy type is anticipated to be renewables — consisting mainly of wind, photovoltaic, solar and geothermal energy — which is estimated to have an average annual growth rate of 6.8 per cent over the forecast period. He stressed, however, that given "its current base in the global energy


Dr Ayed S Al-Qahtani, Director of OPEC's Research Division.

2017
World Oil Outlook 2040

OPEC

Population reaches almost **9.2** billion

Long-term **GDP** growth averages at **3.5%** p.a.

Energy demand increases by **35%**

Fossil fuels remain dominant – at **75%** of energy mix

Oil retains the **highest share** in the energy mix

Oil demand reaches **111.1** mb/d

Demand for **OPEC crude** reaches **41.4** mb/d

New built **refining capacity** totals **19.6** mb/d

Data up to 2040

demand mix is rather low, at about 1.4 per cent, the share of other renewables is still anticipated to be below 5.5 per cent by 2040, despite its impressive growth."

He also underscored that oil and gas combined are still expected to provide more than half of the world's energy needs over the forecast period, with their combined share relatively stable between 52–53 per cent.

A further key point featured is the fact that long-term demand growth is concentrated in non-OECD countries. Al-Qahtani observed that 98 per cent of the growth is concentrated in the non-OECD, with "India and China the two largest contributors to future energy demand." Energy demand in the OECD is expected to peak in the early 2030s.

Oil outlook

The *WOO 2017* emphasizes that oil demand growth remains healthy. In the medium-term from 2016–22, oil demand is expected to increase by 6.9 million barrels a day (m b/d), from 95.4m b/d to 102.3m b/d. In the long-term, oil demand has been revised upward by 1.7m b/d compared to the *WOO 2016*, with total demand at 111.1m b/d by 2040. There is no expectation for peak oil demand over the forecast period to 2040, although demand growth decelerates over the forecast period.

Al-Qahtani said that "the road transportation sector will remain the main consumer of oil products," with demand anticipated to increase by 5.4m b/d by 2040. He stated that "the number of passenger cars is estimated to double by 2040," with the composition of the car fleet expected to change in a smooth manner. He noted that in the passenger car segment, electric vehicles are estimated to represent almost 12 per cent of the car fleet by 2040.

From the regional viewpoint, the *WOO* underlines the shifting dynamics of oil demand in the road transportation sector with the OECD expected to decline by 7.1m b/d, while developing countries are anticipated to see growth of 12m b/d. Al-Qahtani noted that the expanding global fleet outweighs improving efficiency and the increasing penetration of electric vehicles in developing countries, but not in the OECD.

On the supply side, non-OPEC liquids supply is forecast to increase from 57m b/d in 2016 to 62m b/d in 2022, but in the long-term it is anticipated to see a decline, dropping to 60.4m b/d by 2040. Al-Qahtani emphasized that non-OPEC supply growth is overwhelmingly driven by higher tight oil production in the US, but this is expected to peak after 2025.

In the long-term, he stressed that it is OPEC that will be required to meet the incremental demand, with demand for OPEC crude anticipated to expand steadily after 2025 to 41.4m b/d by 2040. The share of OPEC liquids in total global liquids supply is estimated to increase to 46 per cent by 2040, from 40 per cent in 2016.

For the refining sector, Al-Qahtani said that total capacity additions until 2040 are estimated at 19.6m b/d, with "expansion led by the Asia-Pacific and the Middle East, which account for almost 70 per cent of the total." The importance of these two regions also plays out in global crude movements that are expected to increase by around 6.5m b/d between 2016 and 2040, mostly supported by Asia-Pacific imports and Middle East exports. Al-Qahtani highlighted that Middle East exports increase significantly after 2025, as other exporting regions are either stagnating or in decline.

To put this expansion in some perspective, Al-Qahtani

OPEC officials attending the press conference are: Mohammad Sanusi Barkindo (third r), Secretary General; Dr Ayed S Al-Qahtani (c), Director, Research Division; Dr Adedapo Odulaja (r), Head, Data Services Department; Hasan Hafidh (second r), Head, Public Relations and Information Department; Dr Abderrezak Benyoucef (third l), Head, Energy Studies Department; Behrooz Baikalizadeh (second l), Head, Petroleum Studies Department; and Dr Jan Ban (l), Senior Research Analyst.

stated that required global oil sector investment, including upstream, midstream and downstream, is estimated at $10.5 trillion in the period to 2040.

Critical uncertainties

Al-Qahtani also highlighted that the *WOO 2017* covers a number of critical uncertainties from a variety of sources that could potentially shift the outlook. The main focus, he highlighted, is on a number of alternative sensitivities that could impact demand and supply, although he noted that it should be recognized that some of these sensitivities could also cancel each other out.

On the demand side, he said three sources of uncertainties were considered: alternative views on economic developments, on the level and speed of penetration of electric vehicles and on the speed of adoption of energy efficiency measures across various oil demand sectors. For the supply side, upside and downside non-OPEC alternative supply sensitivities were considered.

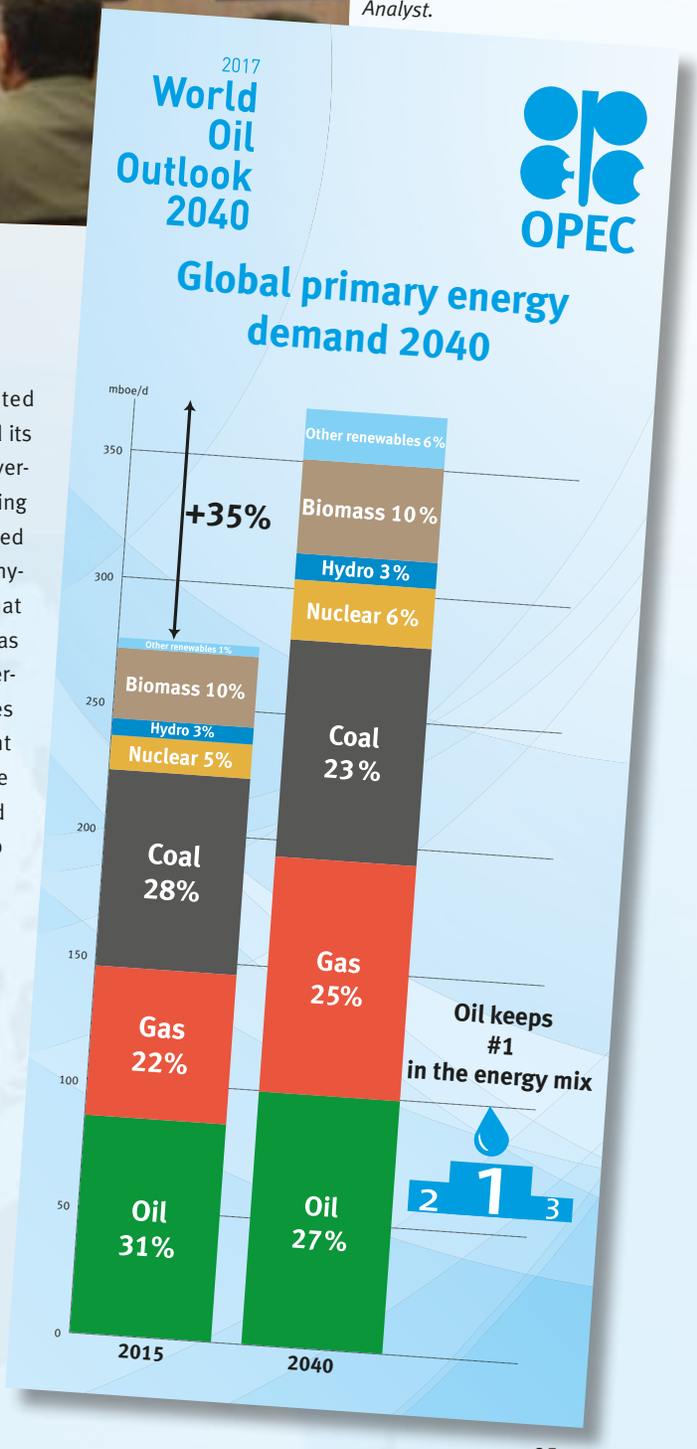
He noted that alternative sensitivities for global economic growth led to an uncertainty range of 6m b/d for oil demand by 2040; a sensitivity case for a penetration of electric vehicles saw oil demand reduced by 2.5m b/d by 2040; and in an accelerated efficiency case the demand reduction was 3.2m b/d by the end of the forecast period.

For the downside and upside non-OPEC liquids supply sensitivities, OPEC crude was estimated to reach 36.8m b/d and 45m b/d, respectively by 2040.

A comprehensive and informative outlook

The Secretary General reiterated the importance of the *WOO*, and its thorough and wide-ranging coverage of expectations for the coming decades. This was also stressed in the press release accompanying the launch, which said that "the *Outlook* should be viewed as a valuable and informative reference tool, one that underscores the Organization's commitment to data transparency, and to the enhancement of dialogue and cooperation as a means to help secure a sound and stable oil industry."

Barkindo also thanked the many dedicated and professional staff at the OPEC Secretariat that have worked on this *Outlook*, stating that "they are the vital cogs that enable the Organization to publish such a comprehensive outlook; one that we believe is vital not only to OPEC, but to all industry stakeholders."



Kuwait Oil and Gas Show 2017

A growing industry event in Kuwait

The 3rd Society of Petroleum Engineers (SPE) Kuwait Oil and Gas Show and Conference (KOGS 2017) was held in Kuwait City in mid-October. The event — which gathered over 5,000 energy leaders, stakeholders and executives from around the world for four days of plenaries, panel discussions and technical presentations — was attended by OPEC's Secretary General, ***Mohammad Sanusi Barkindo****, and a small delegation of officials. The* OPEC Bulletin *files this brief report.*

Issam A Almarzooq, Kuwait Minister of Oil and Minister of Electricity and Water, and Chairman of the Board of Kuwait Petroleum Corporation (KPC), delivering his welcome remarks.

Sami Al-Neaim, President of SPE, offered his own warm welcome remarks to participants.

Mohammad Sanusi Barkindo, OPEC Secretary General, participated in a ministerial panel discussion.

Issam A Almarzooq (c), Kuwait's Minister of Oil and Minister of Electricity and Water, and Chairman of the Board of Kuwait Petroleum Corporation (KPC), and Mohammad Sanusi Barkindo (r), OPEC Secretary General, participated in a ministerial panel discussion which was moderated by Dr Adnan Shihab-Eldin (l), former OPEC Director of the Research Division and former OPEC Acting Secretary General.

Held under the generous patronage of His Highness Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah, the Prime Minister of the State of Kuwait, in conjunction with support from Kuwait Petroleum Corporation (KPC), the 3rd SPE Kuwait Oil and Gas Show and Conference — often referred to as KOGS — took place in the capital city of Kuwait on October 15–18, 2017.

The event, which combined both aspects of an industry exhibition with the academic and technical presentations of a conference, was held at two elegant locations in Kuwait City. Some plenary sessions and discussions took place at the sleek, modern Sheikh Jaber Al-Ahmad Cultural Centre, while the exhibitors and the technical presentations were organized at the Kuwait International Fair.

The theme of this year's KOGS was 'Shaping the energy future: integration and diversification,' which many presenters and speakers took turns to address.

Meanwhile, at the exhibitor's hall, there were nearly 200 different companies representing more than two dozen countries. The companies included leading IOCs and NOCs, as well as specialized makers of innovative and cutting-edge technology for use in the upstream and the downstream.

An august opening

The conference and exhibition official opened with a Sunday evening event in the theatre of the Sheikh Jaber Al Ahmad Cultural Centre, whose design, despite the modern construction, evoked the beauty and patterns of Islamic design and architecture. Approximately 300 people were in attendance.

There were first welcome remarks delivered by Issam A Almarzooq, Kuwait Minister of Oil and Minister of Electricity and Water, and Chairman of the Board of Kuwait Petroleum Corporation (KPC).

Issam A Almarzooq (second l), Kuwait Minister of Oil and Minister of Electricity and Water, and Chairman of the Board of Kuwait Petroleum Corporation (KPC), and Nizar Al-Adsani (c), CEO and Deputy Chairman of the Board of KPC, officially opening the conference and exhibition.

He said: "The stature of this major international oil and gas exhibition and conference befits Kuwait's international standing as one of the world's leading oil producing nations, and mirrors the great strides we have made both upstream, downstream and in our overseas activities.

"The current growth witnessed in Kuwait's oil and gas industry holds much promise for domestic and foreign oil and gas companies," he continued. "KOGS 2017 will facilitate an important technological exchange between industry leaders, professionals and government officials."

The Minister's remarks were followed by an overview of the state of the industry provided by Nizar Al-Adsani, CEO and Deputy Chairman of the Board of KPC, which included a considerations of the production adjustment decision under the terms of the historic OPEC and non-OPEC 'Declaration of Cooperation' of December 2010.

Finally, Sami Al-Neaim, President of SPE, offered his own warm welcome remarks to participants.

Ministerial discussions

Immediately after the welcome remarks, the Secretary General of the Organization of the Petroleum Exporting Countries (OPEC), Mohammad Sanusi Barkindo, participated in a ministerial panel discussion. He was joined up on stage by Issam Almarzooq.

Both officials then took turns responding to questions posed by former OPEC Director of the Research Division and former OPEC Acting Secretary General, Dr Adnan Shihab-Eldin, who acted as moderator.

They spoke about crude oil market developments, provided their opinions as to the outlook for the global energy mix, spoke about the impact of shale oil and

Mohammad Khuder Al-Shatti (r), Kuwait's National Representative to OPEC visiting the OPEC stand at the exhibition. Seen with represetnatives from the OPEC Secretariat, Hasan Hafidh (c), Head, PR and Information Department; and Mario Fantini (l).

other technological developments on the industry, and then commented on the outlook for medium- and long-term oil demand trends.

Minister Almarzooq praised the ongoing achievements of the 'Declaration of Cooperation', and praised the support that the OPEC Secretariat has provided over the past eight months to the Joint Technical Committee and Joint Ministerial Monitoring Committee (JMMC) as "very comprehensive and thorough." The Minister is the current Chairman of the JMMC.

Asked to comment on the demand outlook, the Secretary General said: "The medium-term outlook for demand sees a significant increase to 2022 with a healthy average annual increase." In the long-term, he said, global oil demand growth is forecast to decelerate steadily through 2040.

In terms of the outcomes of the ongoing implementation of the Declaration, Minister Almarzooq said "we're going in the right direction." The focus in the coming months should continue to be on maintaining and increasing the levels of conformity to the production adjustments." The Secretary General agreed that conformity should continue to be the focus of all joint efforts.

Looking ahead, the Secretary General also noted the uncertainty of the policy environment and the role of technology which will continue to have significant impacts on both supply and demand levels. With this in mind, he said, it is still a fundamental need to ensure sustainable stability.

An occasion worth celebrating

According to organizers, representatives from more than 200 international organizations from more than two dozen countries attended KOGS 2017, speaking about

Delegates to the 3rd Society of Petroleum Engineers (SPE) Kuwait Oil and Gas Show and Conference (KOGS 2017).

topics ranging from today's trends and challenges in the oil and gas industry.

On the conference side of KOGS 2017, events comprised plenary sessions with chief executives from leading international upstream and downstream companies, other specialized panel discussions, and more than 100 technical and academic presentations, e-poster sessions and relevant case studies.

OPEC was one of the many international exhibitors, occupying a booth in the central hall. Three members of the OPEC Secretariat's Public Relations and Information Department attended, and fielded questions from interested visitors.

Over the three days of the exhibition, hundreds of copies of the *Annual Statistical Bulletin,* the *World Oil Outlook 2016,* the *OPEC Bulletin* and other pamphlets such as *Who Gets What from Imported Oil* were distributed, and the work of the Organization was described in detail to members of the public.

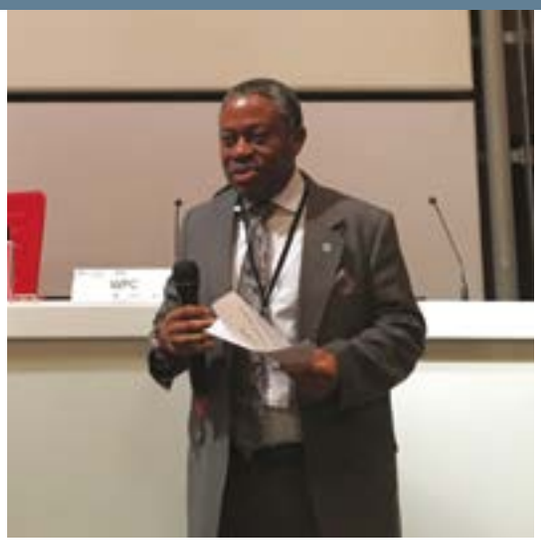
"I am glad to see the Organization here at the exhibition," said one young Kuwaiti, Khaled, studying to be a petroleum engineer. "I have learned much more about what OPEC does and how it works with others. This is very useful."

Attendance at this year's KOGS was certainly something to celebrate.

With positive reactions from students like Khaled and his friends, and with the positive reaction received from other exhibitors, the event is fast becoming one of the key events on the calendar of international energy events and forums — and OPEC was grateful for having been invited to participate both as a conference delegate, as well as an exhibitor. The Organization looks forward to attending again next year.

Supporting Energy Data Transparency:

OPEC Member Countries participate in 13th International JODI Conference



Far left: Dr Adedapo Odulaja, Head, Data Services Department.

Left: Dr Pantelis Christodoulides, Senior Statistician in OPEC's Data Services Department.

The 13th International Joint Organisations Data Initiative (JODI) Conference took place in London on October 10–11, 2017.

The successful conference, which was hosted by the British Government, has been useful for both the OPEC Secretariat and OPEC Member Countries (MCs), as it has helped to foster knowledge transfer and further the exchange of technical views and opinions.

The main objective of this year's conference was to address issues related to energy data transparency, focusing on a comprehensive review — from the point of view of data collectors and data users — of the importance of energy data transparency to decision making.

Much of the conference was devoted to the importance of energy statistics, and included briefings, presentations and interactive discussions with participating countries, international oil companies and international organizations. In this way, the conference undoubtedly enhanced the international energy dialogue, particularly the producer-consumer dialogue.

An 'Energy Data Transparency Exhibition' also took place at the end of the first day of the conference, providing the opportunity to OPEC to raise awareness of the wealth of data made available to the public through data dissemination, particularly for the promotion of freely available OPEC publications such as the *Annual Statistical Bulletin* (ASB), the *Monthly Oil Market Report* (MOMR) and the *World Oil Outlook* (WOO). These publications received great attention and overall positive feedback by conference and exhibition participants.

The participation of the OPEC Secretariat and OPEC MCs in the JODI Conference was extremely beneficial as it provided exclusive insights and knowledge of the data collection and utilization procedures used by several international companies, organizations and countries.

Moreover, their participation also shed light on the challenges which several countries, including some main OECD oil consumers, face when collecting energy data. There was also some discussion of some of the possible solutions that may be applied to overcome such challenges.

The presence of the Secretariat at the Conference also underscored, once more, OPEC's strong support for and commitment to continued international energy cooperation and dialogue.

OPEC's newest Members make their mark

Gabon and Equatorial Guinea are OPEC's newest Member Countries, joining the Organization at a crucial time as it teamed up with non-OPEC producing countries to forge the historic Declaration of Cooperation. The OPEC Bulletin's ***Scott Laury*** *reports on the newest Members' transition into the Organization and their participation in the wider OPEC/non-OPEC cooperation.*

Gabon

Re-joining the Organization

Gabon rejoined OPEC on July 1,2016, after having been an Associate Member in 1973 and a Full Member from 1975 to 1994.

The day before officially rejoining the Organization, the Gabonese Head of Delegation to OPEC and Minister of Petroleum and Hydrocarbons, Etienne Dieudonné Ngoubou, payed a special visit to Acting OPEC Secretary General, Abdalla Salem El-Badri.

Discussions focused on the current oil market situation, the Secretariat's main activities, and the transition of Gabon into the Organization.

The Acting Secretary General expressed his pleasure to have Gabon back in the OPEC family of nations.

"We are very happy to welcome back Gabon into the OPEC group of countries," he said. "We look forward to working with the Minister and his colleagues in the coming years. I am also pleased to see that all the countries that had previously left the Organization have now returned."

The Gabonese Minister said that it was good to be back after a 20-year hiatus and that his delegation looked forward to helping OPEC meet the challenges of the future.

"Gabon is delighted that it will once again be a member of OPEC after more than 20 years away," he proclaimed. "We believe we can be an active and engaged partner in OPEC's activities, as the Organization looks to meet both the challenges and opportunities in the years ahead."

Secretary General visits Libreville

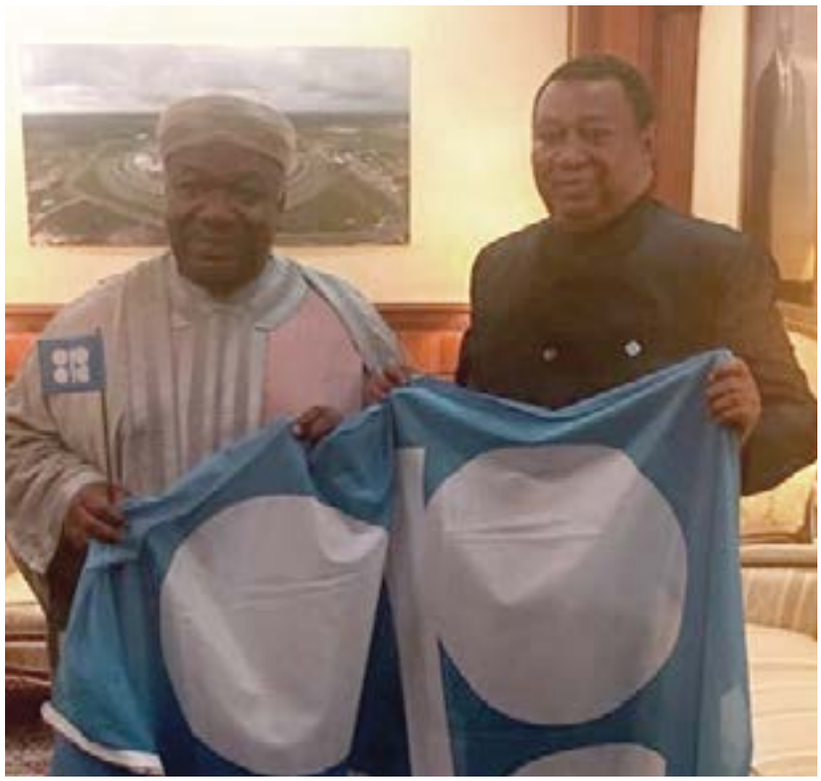
In July of 2017, the OPEC Secretary General, Mohammad Sanusi Barkindo, and his accompanying delegation, made special visits to OPEC's newest Members: Gabon and Equatorial Guinea.

After arriving in Gabon's capital city of Libreville, the Secretary General met with the Gabonese President and the Minister of Petroleum and Hydrocarbons.

This visit to Gabon marked the first occasion the Secretary General had visited the country since it rejoined the Organization in July 2016.

The OPEC delegation was received by Gabon's President of the Republic, Ali Bongo Ondimba, along with the country's Minister of Petroleum and Hydrocarbons, Pascal Houangni Ambouroue and other Gabonese officials.

After welcoming the OPEC delegation, the President explained the significance and importance of Gabon's decision to rejoin OPEC after a more than 20-year hiatus.



Ali Bongo Ondimba (l), Gabon's President, met with Mohammad Sanusi Barkindo, OPEC Secretary General, in Gabon's capital city of Libreville.

"We are passing through a difficult time and, if it had not been for OPEC, it could have been much more difficult," he said.

The President emphasized the valuable technical assistance the country receives from its fellow OPEC Member Countries, particularly in light of Gabon's current efforts to transform its oil industry and make it more sustainable.

The President also commended the Secretary General on the many accomplishments he had achieved since being appointed in August 2016, particularly in expanding consultations to include non-OPEC producing countries, which eventually led to last year's Declaration of Cooperation.

A mutually beneficial relationship

The Secretary General expressed his appreciation to the President for the warm reception and excellent hospitality provided to the OPEC delegation during their visit. He also congratulated the President on Gabon's decision to rejoin OPEC, a relationship the Secretary General characterized as mutually beneficial.

The Secretary General then provided the President with an overview of the current oil price cycle that started

Pascal Houangni Ambouroue, Gabon's Minister of Petroleum and Hydrocarbons.

A joint press conference was held by Pascal Houangni Ambouroue (l), Gabon's Minister of Petroleum and Hydrocarbons, and Mohammad Sanusi Barkindo (second l), OPEC Secretary General.

in 2014, calling it one of the most severe price cycles in recent years, with prices dropping by 80 per cent, and described how it has been affecting the global oil market, as well as the industry.

He also updated the President on the continuing collaborative efforts between OPEC and non-OPEC producers to bring stability back to the global oil market, adding that these initiatives are underpinned by last year's supply adjustment decisions, including the historic 'Declaration of Cooperation'. He pointed out that these efforts were having an impact on the market, particularly in light of the drawdown in worldwide stocks.

Additionally, the Secretary General took the opportunity to brief the President on the decisions taken on May 25, 2017, to extend the Declaration of Cooperation for nine additional months, starting from July, as well, as the outcome of the most recent meeting of the Joint OPEC/non-OPEC Ministerial Monitoring Committee (JMMC) that had taken place on July 24, 2017,in St Petersburg, Russia.

"I am optimistic that the market will be rebalanced — and together with the help of Gabon, we will restore stability to the market," the Secretary General stated in his closing remarks to the President.

"We are passing through a difficult time [...] if it had not been for OPEC, it could have been much more difficult."

— Pascal H Ambouroue

Meeting with the Minister

The Secretary General also met with Gabon's Minister of Petroleum and Hydrocarbons, Pascal Houangni Ambouroue. He offered congratulations on behalf of the OPEC Secretariat and its Member Countries to Gabon and its people for having rejoined OPEC. The Secretary General called it a wise and strategic decision, made in the interest of the Gabonese people.

"I am confident that we can work together for the benefit of both OPEC and Gabon," he said.

The Minister, in turn, thanked the Secretary General and the OPEC delegation for their visit to Gabon, and expressed his full support for the Organization and its Member Countries as together they seek to re-establish stability in the global oil market.

During the meeting, the OPEC delegation and senior officials from Gabon's Petroleum and Hydrocarbons Ministry listened to a presentation on recent oil developments in the country delivered by Etienne Lepoukou, Gabon's Governor to OPEC. This was followed by a presentation about the OPEC Secretariat and a film about the history of the Organization.

Lepoukou was appointed OPEC Governor on July 11, 2017, and currently also serves as an Advisor to the Minister at the Ministry of Petroleum and Hydrocarbons.

Visit to Gabon's National Oil Company

The Secretary General and the OPEC delegation, accompanied by Minister Ambouroue, also had the opportunity to visit the Gabon Oil Company, the country's National Oil Company, which was established in 2011.

The company's Chief Executive Officer, Arnauld Calixte Engandji-Alansji, welcomed the delegation and briefed them on the company's history, its recent

upstream activities, as well as the development of the country's oil industry.

At the conclusion of the visit, the Secretary General remarked on the swift and impressive pace of development of Gabon's onshore and offshore oil fields.

Press conference

At the conclusion of the visits, a joint press conference was held with the Secretary General and Gabon's Minister of Petroleum and Hydrocarbons.

Both officials answered questions from the media related to Gabon's decision to re-join OPEC, in addition to the current and future oil market outlook for both Africa and the world.

Mohammad Sanusi Barkindo (r), OPEC Secretary General, with Arnauld Calixte Engandji-Alansji, CEO of the Gabon Oil Company.

Mohammad Sanusi Barkindo (r), OPEC Secretary General, meets with Pascal Houangni Ambouroue (l), Gabon's Minister of Petroleum and Hydrocarbons.

Equatorial Guinea

Becoming a Member Country

Equatorial Guinea joined OPEC at its 172nd Meeting of the Conference on May 25, 2017. In an interview with the OPEC Bulletin at the event, the Head of its Delegation, Minister of Industry, Mines and Energy, Gabriel Mbaga Obiang Lima, stated he was very pleased that OPEC had accepted his country's request to join the Organization.

Obiang Lima said the country decided to join OPEC after enduring the struggles that followed the oil price crash of 2014 and that this was "clearly the best moment".

"We believe that it is better that oil producers work together," he said, adding that being part of an organization like OPEC is important in gaining access to information that is key to making intelligent decisions related to future projects.

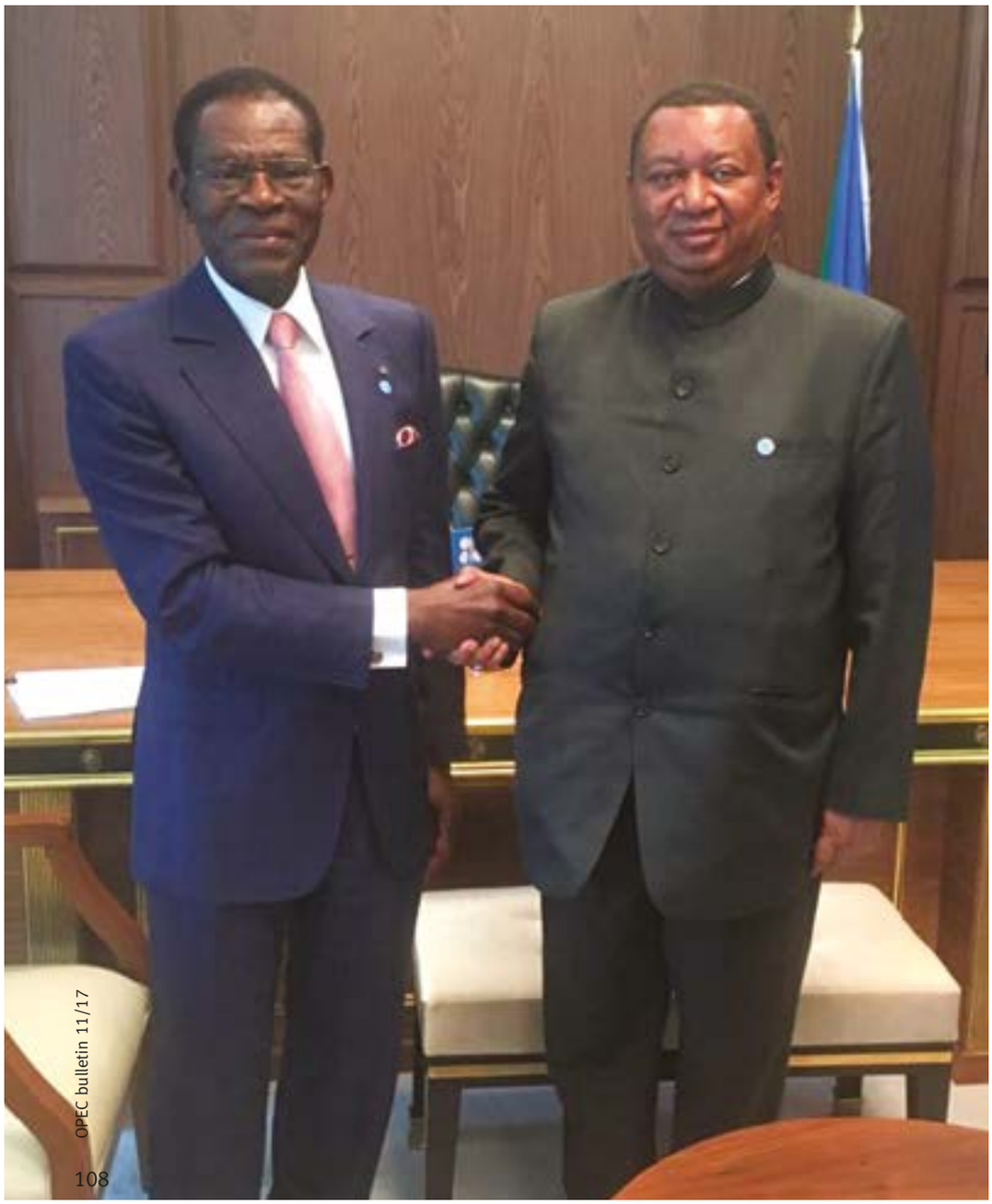
The Minister said the country joined also to learn from and share industry experience with its fellow producers, many of whom have a wealth of experience dating back to and before OPEC's founding in 1960.

"We can exchange that experience, and this will allow us to go on to the next phase of development," he said.

Bringing back stability

He then commended OPEC on its latest efforts to bring stability back to the global oil market through its historic cooperation with non-OPEC producers.

"Usually you know the relevance of an organization not in the good times, but in the bad times, and this has clearly been a



Teodoro Obiang Nguema Mbasogo (l), President of Equatorial Guinea, met with Mohammad Sanusi Barkindo, OPEC Secretary General.

good example because OPEC has stepped in at a very important moment," he said, adding, "We believe it has stabilized very volatile pricing, and we believe that by continuing to work together, we can continue to see benefits for a long time for everybody."

Obiang Lima said that this exercise in cooperation was very important and that all producers would have an equal interest in achieving success.

"We are exporters, and as exporters, we need to make sure we have an equitable supply and price, because that will allow us to continue with our projects and continue with our investments," he explained. "Not having the right price will impact us and, in the future, it will impact consumers too."

From crude oil to gas

Equatorial Guinea currently produces around 348,000 barrels of oil equivalent per day, which includes crude oil, condensate, LPG and LNG. Of this, crude oil makes up roughly 200,000 b/d.

The Minister said that, as a small country, Equatorial Guinea is focusing mostly on exploration, refining and exporting, and that it exports most of the products produced at its refineries.

"We are focusing more on exploration, and one of the key focus areas is gas, but still, we are producing oil," he said. "We believe the refining sector is very important for a country like Equatorial Guinea, so we can have added value for our products, rather than just exporting the crude."

Visit to future capital city of Oyala

In addition to the visit to Gabon, the OPEC Secretary General, Mohammad Sanusi Barkindo, and his accompanying delegation, made an historic visit to the Organization's newest Member Country, Equatorial Guinea.

The first stop was Oyala, also known as Djibloho, a city that is being constructed to serve as the nation's new capital, replacing the current capital of Malabo.

The delegation's first meeting was with the country's

Gabriel Mbaga Obiang Lima, Minister of Industry, Mines and Energy, Equatorial Guinea.

"We believe [cooperation] has stabilized very volatile pricing, and we believe that by continuing to work together, we can continue to see benefits for a long time for everybody."

— Obiang Lima

The Punta Europa Complex in Malabo, Equatorial Guinea.

President, Teodoro Obiang Nguema Mbasogo, who was accompanied by Energy Minister Obiang Lima.

The President welcomed the Secretary General and his accompanying delegation to Equatorial Guinea and declared the visit an historic occasion, marking the first time an OPEC Secretary General had ever visited the African nation.

The President then commended the Secretary General on his tireless efforts to help reinstate a lasting stability to the global oil market despite the ongoing challenges faced by industry.

Positive face of OPEC

The President welcomed a new spirit of openness and what he termed "the positive face of OPEC," which is attracting new members such as Equatorial Guinea. He expressed his full support for the Secretary General, OPEC and its important mission, encouraging all Member Countries to remain focused and united, and to "meet more often to defend our interests."

The Secretary General expressed his appreciation to the President for his warm reception of the OPEC delegation and congratulated him on his country's joining OPEC at its 172nd Meeting of the Conference on May 25, 2017.

The Secretary General briefed the President on the historic decisions taken last year, which culminated in the unprecedented Declaration of Cooperation and updated him on the activities of the Joint OPEC/non-OPEC Ministerial Monitoring Committee (JMMC), which had just concluded its fourth meeting on July 24, 2017, in St Petersburg, Russia.

The Secretary General, in his parting words, commended the President as "the symbol of peace, stability and prosperity" on the African continent.

Gabriel Mbaga Obiang Lima (l), Minister of Industry, Mines and Energy of Equatorial Guinea, with Mohammad Sanusi Barkindo, OPEC Secretary General.

Meeting with Prime Minister

The Secretary General and his accompanying delegation then met with the Prime Minister, Francisco Pascual Eyegue Obama Asue, who also welcomed them on this first-ever OPEC visit to Equatorial Guinea.

The Secretary General expressed his deep appreciation to the Prime Minister for the warm hospitality displayed to the OPEC delegation and said it was a privilege and a great pleasure having this opportunity to visit OPEC's newest Member Country.

After the visits, the Secretary General met with members of the country's media organizations to field questions related to Equatorial Guinea's becoming OPEC's newest Member Country and inquiries on the world oil market outlook.

The OPEC delegation seen during a visit to the Punta Europa Complex.

Boulevard Triomphal El Hadj Omar Bongo, the Flame of Peace sculpture in front the Ministry of Petroleum in Libreville, Gabon.

The Republic of Gabon is situated on the western shores of Central Africa.

It is bordered by the Gulf of Guinea to the west, the Republic of Congo to the east and south, Cameroon to the north and Equatorial Guinea to the north-west.

Located on the equator, Gabon covers a gross area of approximately 268,000 square kilometres, while its population exceeds 1.8 million.

Gabon's capital city is Libreville which is inhabited by around 700,000 residents.

The republic's currency is the CFA franc, a currency used by five other African nations. The country's official language is French.

In addition to being an oil producer and net oil exporter, Gabon possesses abundant primary materials, and enjoys growing agriculture and tourism sectors. Other notable exports are timber, uranium and manganese.

Gabon's current President is Ali Bongo Ondimba, who was elected in 2009.

Gabon became a full member of OPEC in 1975 but terminated its membership in 1995. It re-joined the Organization on July 1, 2016.

Country name:	Gabonese Republic
Gabon's Independence Day:	August 17
President:	Ali Bongo Ondimba
Minister of Petroleum and Hydrocarbons:	Pascal Houangni Ambouroue
Capital:	Libreville
Currency:	CFA franc
Official language:	French
Population *(million inhabitants):*	1.881
Land area *(1,000 sq km):*	268
Population density *(inhabitants per sq km):*	7
GDP per capita *($):*	7,588
GDP at market prices *(million $):*	14,273
Value of exports *(million $):*	5,871
Value of petroleum exports *(million $):*	4,198
Current account balance *(million $):*	–1,279
Proven crude oil reserves *(million barrels):*	2,000
Proven natural gas reserves *(billion cu m):*	25.5
Crude oil production *(1,000 b/d):*	220.2
Marketed production of natural gas *(million cu m):*	551.1
Refinery capacity *(1,000 b/cd):*	24.0
Output of refined petroleum products *(1,000 b/d):*	16.2
Oil demand *(1,000 b/d):*	25.2
Crude oil exports *(1,000 b/d):*	205.2
Exports of petroleum products *(1,000 b/d):*	5.6

Did you know?

- Gabon's oil industry started gaining attention in 1931 when several oil deposits were discovered in neighbouring regions of Libreville.
- In addition to the oil industry, Gabon's location overlooking the Gulf of Guinea and the Atlantic Ocean has led to the emergence of another important economic sector — the fishing industry.

EQUATORIAL GUINEA

La Torre de la Libertad in Bara, Equatorial Guinea, meaning Freedom Tower monument celebrates the independence of the nation from Spain.

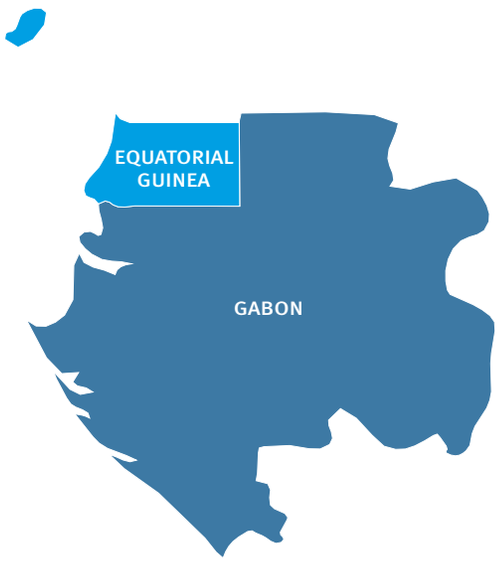
The Republic of Equatorial Guinea is located in Central Africa. The country consists of an insular region, made up of several islands, and a mainland region named after the Río Muni. The mainland region is bordered by Cameroon to the north and Gabon to the south and east. On the west, the Río Muni region overlooks the Gulf of Guinea. Equatorial Guinea covers an area of 28,051 square kilometres and is inhibited by approximately 870,000 residents.

The capital city is Malabo, which has a population of 145,000 persons, while the seat of government is in Oyala. The country's currency is the CFA franc, a currency used by five other countries in Africa, including OPEC Member Country Gabon. The official language of Equatorial Guinea is Spanish. French and Portuguese are also widely used.

While the African nation is a producer and net exporter of crude oil, it is also a key producer and exporter of natural gas. In former times, Equatorial Guinea exported coffee, timber and cocoa.

The current President of Equatorial Guinea is Teodoro Obiang Nguema Mbasogo. He was elected in 1979.

Equatorial Guinea became a full member of OPEC on May 25, 2017.



Country name:	Equatorial Guinea
Equatorial Guinea's Independence Day:	October 12
President:	Teodoro Obiang Nguema Mbasogo
Minister of Industry, Mines and Energy:	Gabriel Mbaga Obiang Lima
Capital:	Malabo
Currency:	CFA franc
Official language:	Spanish

Did you know?

- Equatorial Guinea discovered its large oil reserves in 1996, a development that led to the economic transformation of the country.
- The residents of Equatorial Guinea have the highest literacy rate of Sub-Saharan Africa.

OPEC sceptics were mistaken

Under the theme, 'Adapting to uncertainty', the 2017 Oil and Money Conference, the 38th edition of the event that was inaugurated in 1980, took place in London from October 17–19. The OPEC Bulletin *reports on the keynote address delivered by OPEC Secretary General,* ***Mohammad Sanusi Barkindo****, at this premier industry gathering.*

In his opening comments to attendees, the OPEC Secretary General noted that in October last year he had shared a platform at Oil and Money 2016 with Fatih Birol, the Executive Director of the International Energy Agency, where he was quizzed endlessly about the then recent decision adopted by OPEC Member Countries at the 170th (Extraordinary) Meeting of the OPEC Conference on September 28, 2016, in Algiers.

Barkindo recalled that there was an acknowledgement of the extensive efforts that went into the decision taken in Algiers, "but I was also greeted with some scepticism about whether OPEC could implement what was agreed in Algiers in a full and timely manner. Moreover, there were possibly even more sceptics who poured scorn on the idea of bringing on board non-OPEC nations to take part in the market rebalancing process."

He politely remarked to the audience that "I am happy to stand here today and say that those sceptics were mistaken."

The 'Declaration of Cooperation'

Through extensive and well-coordinated consultations, enormous commitment, great diligence, necessary flexibility and strategic compromises, he observed, "24 participating OPEC and non-OPEC producing nations agreed on the landmark 'Declaration of Cooperation' at the end of last year, whereby they decided to adjust production by approximately 1.8 million barrels/day, for a period of six months, beginning January 1." This has since been extended by a further period of nine months, to the end of March 2018.

He stated that "the 'Declaration of Cooperation' is unparalleled in the history of the oil industry. Given the nature of this oil market cycle, with the magnitude of the price drop in real terms higher than for all previous cycles, the multiplier effect that low oil prices have had on deflation, and its destructive impact on investments, companies and jobs, a collective and concerted effort was required. No one could have acted alone."

Historic commitment

Barkindo said that the historic commitment made by the 24 oil producing nations was one to all industry stakeholders, both producers and consumers, as well as one to the broader global community, through the move to restore oil market stability and the potential positives of this for the global economy.

Of course, he said, we also recognized that this historic decision was only the end of the beginning of this

Mohammad Sanusi Barkindo, OPEC Secretary General.

Oil and Money 2017

process. The 'Declaration of Cooperation', he added, "had to be delivered on."

He noted that "again, we were greeted with sceptics — we heard stories of OPEC's often weak conformity to past production adjustments, and the lack of past support from non-OPEC nations." While he stressed that the process has not always been smooth given the severity of this cycle, he added that "I believe that if we look back over the past nine months or so we can be happy with our collective efforts to overcome the challenges of the current oil market cycle.

"There is no doubt that the market is rebalancing at an accelerating pace; stability is steadily returning; and there is far more light at the end of the dark tunnel we have been travelling down for the past three years."

Optimism returning

Barkindo detailed meetings he had held in recent weeks and that he had heard first hand a general feeling of industry optimism. He highlighted talks with Russia's President, Vladimir Putin; with a variety of OPEC and non-OPEC Ministers, all of whom are part of the historic 'Declaration of Cooperation'; as well as in India, "a major consuming country that is expected to lead oil demand growth in the years and decades ahead."

"I have gauged the industry's temperature," he said. "There is now more talk of a brighter outlook. It is a feeling that has been missing from the industry for far too long." To underscore his point, he elaborated on recent positive data.

Firstly, he stressed that the global economic recovery has gathered momentum this year. "In our December 2016 *Monthly Oil Market Report (MOMR),* we saw global growth for 2017 at a level of 3.1 per cent. However, this has since been revised up significantly to 3.6 per cent (October *MOMR*), on the back of improving global trade, potential tax reform in the US, the ongoing positive dynamic in the Eurozone and, to some extent, in Japan, solid growth in China and India and a marked improvement in Russia and Brazil. For 2018, this positive trend is set to continue with a healthy growth forecast of 3.5 per cent," he observed.

This was supported by the International Monetary Fund (IMF) during the recent annual IMF and World Bank meetings in Washington, he added, with Christine Lagarde, IMF Managing Director, stating that it is the first time in a decade that we have seen such a strong recovery.

Correspondingly, the OPEC Secretary General said: "Global oil demand growth has also been robust and there are signs of a strengthening trend. In our December

2016 *MOMR*, we saw global oil demand growth for 2017 at a level of 1.15 million barrels/day. This has been revised up considerably to now stand at 1.5m b/d (October *MOMR*). For 2018, this encouraging dynamic is set to continue with a forecast of 1.4m b/d." He then added that "we are not alone in our more positive oil demand numbers, with many other agencies revising their demand numbers upward in recent months."

There has also been acceleration in the process of onshore and offshore destocking with a massive drainage of oil tanks across all regions, said Barkindo. "At the start of 2017, the OECD stock overhang was at 338m b above the five-year average. This level fell gradually in the first four months of this year to just below 300m b. In the following five months from May to September, however, it fell by over 140m b to stand at 159m b above the five-year average for the month of September."

Crude in floating storage is also down by an estimated 50m b since June, he noted, "with the help of a narrowing contango, and then Brent flipping into a clear backwardation for the first time since the second half of 2014." He further underlined that "a balanced oil market is now fully in sight."

This process, Barkindo stated, has evidently been driven by the unprecedented conformity levels to the production adjustments in the 'Declaration of Cooperation'. "These consistently high monthly conformity levels around or over 100 per cent have now put to rest any scepticism on the commitment of all participating OPEC and non-OPEC countries to jointly restore balance to the oil market," he observed.

Building on the foundations

The Secretary General believed that the first nine months of the 'Declaration of Cooperation' have "laid the much needed foundations for the sustainable stability we all desire." Looking forward, he stressed that "it is vital that this platform is not only retained, but built upon."

Firstly, he said, "we need to ensure that balance is achieved in a full and timely manner. This benefits all industry stakeholders.

"Let me stress that we continue to welcome dialogue among other producers outside of the 'Declaration of Cooperation', as well as consumers. For instance, we appreciated the initial dialogue we had with US independents at CERA Week in Houston in March. We all understand that we are part of a dynamic and inter-linked global oil market; one where we share common challenges and responsibilities."

Secondly, he said, "we need to appreciate that the

Herman Franssen (l), Executive Director, Energy Intelligence and Conference chairman, with Mohammad Sanusi Barkindo, OPEC Secretary General.

Oil and Money 2017

short-, medium and long-terms are all interlinked. We require stability and balance across all timeframes to ensure future demand growth is met. Here, it is particularly vital to focus on investments."

Growing demand

In OPEC's *World Oil Outlook 2017,* he stated that "we expect demand to pass 100m b/d in 2020 and to reach over 111m b/d by 2040. Let me stress that we see demand growing in every year of the Outlook. There is no peak oil demand for the foreseeable future."

On top of this, he added, "we should also remember that oil producers and companies must invest heavily simply to offset the impact of natural decline rates. The general consensus is an annual decline rate of five per cent, which suggests that the industry needs to add over 4m b/d each year to just maintain current production levels."

He noted that investments are expected to pick up slightly this year and in 2018, but not anywhere close to past levels. This year it has also been "more evident in short-cycle, rather than long-cycle projects, which are the industry's baseload," although Barkindo did note in briefings later with media that even short-cycle projects, specifically US tight oil, had in recent months seen a slowdown in growth forecasts, as well as increasing calls from shareholders for more fiscal discipline and an intensifying focus on value, rather than volume.

He added, however, that OPEC Member Countries themselves "have defied the trend and continued to invest through the industry downturn. OPEC is, therefore, positioned to continue to be a dependable and reliable supplier of crude and products to global markets."

And thirdly, he said, "from the perspective of the 'Declaration of Cooperation', at OPEC we recognize the importance of institutionalizing a framework that builds on this unparalleled global platform of stability. This would go beyond the short-term and look at some of the broader challenges, as well as opportunities, the oil industry is expected to face in the years and decades ahead."

"Working together is success"

In conclusion, Barkindo quoted Henry Ford who said that "coming together is a beginning; keeping together is progress; working together is success." He stressed that "we want to ensure that the 'Declaration of Cooperation', which remains open to other producers, works for everyone, across all timeframes to help deliver the sustainable market stability we all desire."

L–r: John Fraher, Senior Executive Editor for Energy, Global Business and Finance at Bloomberg; Seyed Mohammed Hossein Adeli, Secretary General of the Gas Exporting Countries Forum (GECF); Vladimir Putin, President of the Russian Federation; Mohammad Sanusi Barkindo, OPEC Secretary General; and Adnan Amin, International Renewable Energy Agency (IRENA) Director-General; attend a plenary session at the 2017 Russian Energy Week.

OPEC Secretary General at Russian Energy Week

OPEC Secretary General, Mohammad Sanusi Barkindo, travelled to the Russian Federation in early October to speak on a panel organized as part of Russian Energy Week. The event, which brought together high-level officials for a week of discussions, was held under the auspices of the government of Russia. The* OPEC Bulletin *files this brief report.

On October 4, 2017, OPEC Secretary General, Mohammad Sanusi Barkindo, and a delegation from the OPEC Secretariat attended Russian Energy Week in the Russian capital city of Moscow. Invited by the Russian Federation, and reflecting the close cooperative relationship that has developed between OPEC and Russia since the 'Declaration of Cooperation' of December 10, 2016, the event served as an ideal platform to share outlooks and engage in discussions about the industry and the outlook for the oil market.

The prestigious event, which was organized by the Roscongress Foundation, began with a plenary session, entitled 'Energy for global growth', which was opened with an address by the President of the Russian Federation, Vladimir Putin. In his remarks, President Putin commended the ongoing landmark cooperation between the 24 OPEC and non-OPEC participating oil producing countries that are signatories of the 'Declaration of Cooperation'.

"The joint successful efforts have led to the agreement of Russia with some other countries including OPEC," Putin said. "What we were able to do with OPEC and other producing countries is for the benefit to the whole global economy. We shall continue to work with OPEC Countries and major oil producing countries."

Khalid A Al-Falih, President of the OPEC Conference and Minister of Energy, Industry and Mineral Resources of the Kingdom of Saudi Arabia.

Alexander Novak, Minister of Energy of the Russian Federation.

A view from Vienna

Afterwards, President Putin was followed by a panel discussion which featured OPEC's Secretary General, who began by thanking the Russian authorities, under the able leadership of President Putin, for inviting OPEC to participate — and for their support in helping achieve the historic 'Declaration of Cooperation'.

"I would like to use this opportunity on behalf of OPEC to thank President Putin and his Government, as well as his able Minister of Energy, Alexander Novak, for the role they played in the run-up to this historical decision that was reached last year — the 'Declaration of Cooperation'," the Secretary General stated.

"All the participating countries in the 'Declaration of Cooperation' have been abiding and implementing their obligations fully for the first time in history," he continued. "Russia has played its part in implementing over 100 per cent conformity, particularly over two months."

Importance of dialogue and cooperation

During his remarks, the Secretary General also emphasized the ongoing importance of dialogue and cooperation among OPEC and non-OPEC producing countries. "We are looking beyond rebalancing the market to further institutionalize the partnership between OPEC and non-OPEC countries and to sustain cooperation beyond the issues of supply, demand and stocks," he said.

In his prepared remarks, the Secretary General noted: "Russia has a prominent position in world energy, which has been even more accentuated through direct support and engagement in historic production adjustments."

The 'Declaration of Cooperation', he added, "was the first time such a major commitment by 24 oil producing countries has been made to take the necessary measures to re-establish market balance. Russia played a crucial role among non-OPEC countries, engaging in intensive consultations, and so far outstanding results have been delivered."

"As President [Putin] said, fundamentals will decide in March next year whether we have achieved our obligations of rebalancing the market. All I can say is that the future is looking much brighter than before this decision was taken on December 10 last year."

The panel in which the Secretary General participated was moderated by John Fraher, Senior Executive Editor for Energy, Global Business and Finance at *Bloomberg*.

Other participants on the panel were Seyed Mohammed Hossein Adeli, Secretary General of the Gas Exporting Countries Forum, and Adnan Amin, Director General of the International Renewable Energy Agency.

On the sidelines of Russian Energy Week, OPEC's Secretary General also met with Khalid A Al-Falih, President of the OPEC Conference and Minister of Energy, Industry and Mineral Resources of the Kingdom of Saudi Arabia, and with Rafael Alarcón, the Energy Minister of Bolivia.

The Secretary General also attended a session on the 'Russian fuel and energy industry' on October 5, at which Al-Falih and Novak both spoke as well, focusing their comments on current market trends and the importance of the 'Declaration of Cooperation'. Among the panelists in this later session was world-renowned energy analyst, Daniel Yergin, Vice Chairman of IHS Markit.

Oil and gas industry enhances collaborative actions to tackle climate change

*The Secretary General of OPEC, **Mohammad Sanusi Barkindo**, was invited to provide OPEC's perspective at a CEO event hosted by the Oil and Gas Climate Initiative (OGCI). The initiative was launched in 2014 by ten oil and gas industry leaders collaborating to help realize the energy transition and contribute to tackling climate change.*

The OGCI is a voluntary, CEO-led initiative which aims to lead the industry response to climate change, by pooling expert knowledge in the oil and gas industry and collaborate on action to reduce greenhouse gas emissions.

In collaboration with the World Economic Forum, OGCI has held multi-stakeholder sessions around the world to understand concerns and criticisms and share their own thoughts.

The OGCI CEO event, consisting primarily of panel discussions with top leaders in the oil and gas industry, was held on October 27 in London. It was the fourth such event and the first in which outside stakeholders were invited to contribute their opinions.

The panel session, made up of 17 members, included the CEOs of major oil and gas companies belonging to OGCI, the UK Minister of State for Climate Change and Industry, Claire Perry, along with leading

representatives of the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change (IPCC), Sustainable Energy for All (SEforALL), the International Union for Conservation of Nature (IUCN), and OPEC. Panel members were invited by the moderator to answer questions directed specifically to them.

The panel speakers generally showed a strong interest in matters relating to investment, R&D, energy efficiency improvements, carbon capture and storage, and methane emissions. The event focused on actions undertaken collaboratively by the oil and gas industry, with the objective of exploring new business models and technologies in order to address climate change.

Commendable corporate action

During the event, the OPEC Secretary General commended the actions taken by industry leaders on a subject close to his heart. He stated he has been involved with COP talks since the first Conference of Parties (COP) in Berlin in 1995, chaired by Angela Merkel. Drawing on the experience of 20 years of climate change negotiations, he stated that the Paris Agreement offers a new landscape that incorporates matters related to technology, which is expected to play a key role in dealing with climate change issues and the energy transition.

Accelerating technology developments

He stated that OPEC welcomes the initiatives being undertaken by the OGCI and the leading role the group has taken on the very important issue of collaboratively advancing technological solutions to tackle climate change. OPEC is fully engaged and supportive of the Paris Agreement and ready to stand shoulder-to-shoulder to find a global solution to climate change.

Barkindo also applauded the OGCI's Climate Investments initiative, which was formed last November. He added that an investment of $1 billion over the next decade will do much to accelerate the development of innovative technologies to reduce greenhouse gas emissions on a large scale.

The fund invests in promising technologies and business models that have the potential to significantly

Top leaders of the oil and gas industry, attending the panel discussions at the OGCI CEO event.

Ole Jørgen Bratland/Statoil

Bob Dudley, Chief Executive of BP.

Patrick Pouyanné, Chairman and CEO of Total.

reduce greenhouse gas emissions. The Initiative is building a network of partners and co-investors in key sectors to leverage the expertise of this global network.

The Paris Agreement

The Secretary General outlined the important issues facing the implementation of the Paris Agreement, which was ratified one year ago on November 4, 2016, including the development of technology to reduce greenhouse gas emissions, financing for developing countries in order for them to implement their mitigation and adaptation targets, stakeholders working cooperatively, such as the OGCI, and industry involvement in general.

Barkindo talked about the role of OPEC Member Countries in the adoption of the Paris Agreement and the Secretariat's role in leading debate among Member Countries. OPEC is fully committed to the objectives of the Paris Agreement, adding that developing countries are strongly affected by climate change, but at the same time there is a need to protect the oil and gas industry.

On the subject of renewables, the OPEC Secretary General stated that the two OPEC Countries attending the event — Saudi Arabia and the United Arab Emirates — are taking the lead in this area and have invested significantly in renewable energy. At the same time, he stated, oil will remain the dominant source of energy in the future energy mix.

"Developing countries look to developed countries to provide leadership, as they require support in the areas of technology and finance in order to meet their Paris Agreement goals," he said.

Amin Nassar, President and CEO of Saudi Arabia's national oil company Saudi Aramco, which is also part of the OGCI, stated that his country has set high goals for natural gas usage at home, aiming to ensure 70 per cent of the country's utilities are from gas. In addition, Saudi Arabia intends to produce ten per cent of its power

Mohammad Sanusi Barkindo (r), OPEC Secretary General, with Bob Dudley, Chief Executive of BP.

Amin H Nasser, President and CEO of Saudi Aramco.

from renewables by 2023. He added that his country is creating a huge solar power production area. The country intends to install 41 gigawatts (GW) of solar capacity by 2032.

Promoting low carbon technologies

The OGCI announced its first three investments at the event, moving the organization's commitment to promote promising low carbon technologies into concrete action.

Pratima Rangarajan, CEO of OGCI Climate Investments, stated on the organization's website: "The three investments we are announcing today have the potential to make a meaningful impact on greenhouse gas emissions. We look forward to working with these innovative teams to help them achieve commercial success on a global scale."

In a joint statement, the ten CEOs who lead OGCI stated: "Natural gas is a vital part of the transition to a lower carbon future. Our aim is to work towards near zero methane emissions from the gas value chain. We are also committed to ensure that natural gas continues to deliver its clear climate and clean air benefit compared to coal."

OGCI is partnering with United Nations' Environment and the Environmental Defense Fund to provide financial and technical backing for the world's first global methane study to fill gaps in the identification and quantification of global methane emissions. This project has the potential to inform new policy and will help to identify new initiatives to reduce emissions.

Additionally, OGCI is working with Imperial College London on research aiming to provide a more accurate picture of total greenhouse gas emissions across the natural gas value chain to identify emission hotspots that will allow OGCI to focus its efforts on areas that could bring the greatest benefits.

The organization will also continue to focus on accelerating the deployment of carbon capture, use and storage (CCUS), and energy efficiency in the transport and the oil and gas value chain.

OPEC hosts first workshop on implementation of the Paris Agreement

A technical workshop on the 'Transition from INDCs to NDCs' was held at the OPEC Secretariat on October 17 to help enable participating oil producing countries in the development of nationally determined contributions required to implement the Paris Agreement. The* OPEC Bulletin *provides the following brief round-up.

The first-time workshop was intended to help oil producing countries with the implementation of the Paris Agreement, originally ratified in 2016. Several OPEC Member Countries were present at the event, as well as several non-OPEC countries. Participants spent an intensive day receiving guidance and advice on how to approach implementation of the Paris Agreement from regulators, academics and high-level technical experts.

The objective of the technical workshop was to provide a platform for discussions on actions and procedural mechanisms needed to implement the Paris Agreement, with a specific focus on the technical issues and legal processes involved when moving from intended nationally determined contributions (INDCs) to nationally determined contributions (NDCs).

Held at the request of Member Countries, the workshop focused on the implementation of Parties' NDCs in the context of the temperature target of the Paris Agreement and on potential enhancement of Parties' first contributions based on their national priorities, and on the principles and provisions of the United Nations Framework Convention on Climate Change (UNFCCC). This included the ideas of common but differentiated responsibilities and respective capabilities (CBDR-RD) and equity. Additionally, the legal implications of moving from INDCs to NDCs were considered.

OPEC Secretary General, Mohammad Sanusi Barkindo, officially welcomed both OPEC and non-OPEC participants. Although the UNFCCC process is long and complicated, he said the Paris Agreement should continue to be guided by the principles and provisions of the Convention.

The Secretary General also emphasized the need for the development and deployment of technologies which reduce and ultimately eliminate emissions.

So far, eight OPEC Member Countries have ratified the Paris Agreement, noted the Secretary General, and all should remain engaged in ongoing negotiations on the development of 'operational mechanisms' for the Paris Agreement. He also underscored the necessity of considering adaptation to climate change, along with mitigation efforts, in a way that can help Member Countries become more resilient and minimize the adverse effects of climate change.

Technical experts and advice

Other speakers at the workshop included a representative of the UNFCCC Secretariat, who provided an overview of the objectives of the Paris Agreement, with detail on the NDC submission process and elements of Parties' NDC submissions. A review of the key messages from the UNFCCC Synthesis Report was also given, which aims at assessing the aggregate efforts of Parties' contributions.

The most recent developments in NDC negotiations under the Ad hoc Working Group of the Paris Agreement (APA) were also briefly presented, and the importance of international cooperation to achieve emissions reductions in the context of sustainable development were elaborated upon.

One speaker discussed modelling studies considering different scenarios which assess the adequacy of NDCs targets against the 1.5°C or 2°C temperature targets. The polices needed to achieve such targets were briefly presented, as well as the assumptions made about new technologies, and the impact of implementing and enhancing Parties' NDCs on energy prices and macroeconomic parameters.

Another speaker provided a comparative analysis of various outlooks, examining NDCs and 2°C scenarios, with a focus on the potential implications of future energy demand and the energy mix. The need for additional energy efficiency improvements was also stressed.

The legal implications of moving from INDCs to NDCs were also addressed, with a focus on the legal rights and obligations established under the Paris Agreement. The common features of NDCs that are applicable to both developed and developing countries were discussed.

A promising future

It was stated that the majority of Parties have automatically converted their INDCs into their first NDCs, while others have submitted conditional NDCs, which are subject to the provision of support for means of implementation — including finance and technology transfer.

Additionally, discussions focused on the potential enhancement of NDCs and the possible adverse impacts on developing countries in general, and energy exporting countries in particular.

Finally, it was anticipated that the workshop will provide a base for similar meetings in the future. To this end, future collaboration may include the development of a knowledge network, access to international experts and possibly joint research studies.

Delegates of the workshop take time out for a group photograph.

OPEC Secretary General's statement at COP 23

The following speech was delivered by OPEC Secretary General, Mohammad Sanusi Barkindo, at the UN Climate Change Conference (COP 23/CMP 13/CMA 1–2), on November 16, 2017, in Bonn, Germany.

On behalf of OPEC, I would like to offer our deep appreciation to the Government of Fiji, the city of Bonn, and the UNFCCC Secretariat, for their excellent arrangements and warm hospitality.

We join all Parties in congratulating Fijian Prime Minister Frank Bainimarama for courageously undertaking the Presidency of COP 23 at this crucial time in the UNFCCC process.

OPEC remains fully engaged and supportive of the Paris Agreement. We believe a global consensus out of the multilateral process remains the best and most inclusive way for all nations to collectively tackle climate change in a fair and equitable manner.

In terms of the implementation of the Paris

Agreement, we need to ensure a Party-driven process; recall different national circumstances; evoke the principles of equity and of common but differentiated responsibilities; balance mitigation, adaptation and the means of implementation, including financing for developing countries to support their actions; and take into account the overriding priority of sustainable development.

Energy transition

This should appreciate what the term 'energy transition' means for those 1.1 billion people in developing countries that continue to suffer from acute energy poverty. It is not about a transition from one energy source to another; it is about the right to have access to modern energy services for the first time, to provide warmth, light and mobility.

It should also not discriminate against any energy source. The world will continue to need all energy sources now and in the future. It is therefore vital we collectively develop and adopt technologies that transform the environmental credentials of all energies. In this regard, OPEC welcomes coordinated action between all Parties, with industry and through various research and development platforms.

The comprehensive implementation of the Paris Agreement should be 'win-win' in nature, recognize the diverse priorities and circumstances of all Parties, and contribute to global growth, development and prosperity.

Saudi Monarch makes historic visit to Russia

Relations between the Kingdom of Saudi Arabia and the Russian Federation are at an all-time high.

The Custodian of the two Holy Mosques, King Salman Bin Abdulaziz Al-Saud, met Vladimir Putin, the President of the Russian Federation, in Moscow, in early October, in order to further enhance and strengthen the already strong ties between the two major oil producers.

When the King's visit was announced by the Kingdom's Minister of Foreign Affairs, Adel Al Jubeir, in an interview with Sputnik News, a leading Russian news agency, the Minister said: "His Majesty's visit to Russia will be historic because it will symbolize the extent of the relationship and consultations that take place between the two countries."

He added: "We are both oil producers, we have an interest in a stable oil market. We have enhanced Russian investments in Saudi Arabia, Saudi investments in Russia. We have cultural, educational, scientific relations that we are developing."

Saudi Arabia's King Salman (l) and Russian President Vladimir Putin (r), during the welcoming ceremony ahead of their talks in the Kremlin in Moscow.

Alexander Novak, Russia's Minister of Energy and the Co-chairman of the Joint Ministerial Monitoring Committee (JMMC) — a high-level committee that was established under the framework of the 'Declaration of Cooperation' jointly reached by OPEC and participating non-OPEC countries — commended the efforts of the two energy giants in an interview with *Al-Arabiya,* a prominent Saudi TV channel.

Saudi Arabia's King Salman (above) during the meeting with Russian President Vladimir Putin.

Joint energy fund

He also emphasized the importance of the joint energy fund that was established during the Saudi-Russian summit. The fund, which is valued at $1 billion, is set to support intensified cooperation between the two countries.

Several landmark agreements were finalized during the visit, in the fields of hydrocarbon, renewable energy, defence, investment, space exploration, among many others.

According to media reports, Saudi Aramco, SABIC (Saudi Basic Industries Corporation) and Sibur examined avenues for further cooperation with regard to petrochemicals. Novatek and Saudi Arabia also signed an agreement on liquefied natural gas (LNG).

A new era

The Kingdom's Crown Prince and Minister of Defence, Mohammad bin Salman, visited the Russian Federation in 2015, in what was considered a cornerstone for the future development of strong and mutually beneficial cooperation between the two countries.

During his visit to St Petersburg, the Crown Prince signed a number of agreements and Memorandums of Understanding (MoU) focusing on deepening the cooperation in the oil, space and nuclear energy sectors. In this regard, Al-Arabiya reported that the Kingdom's Public Investment Fund (PIF) intends to invest $10 billion in the Russian economy within five years.

Future cooperation

Concurrently, the Russian Federation hosted the Russian Energy Week *(see story on page 118)*, where a number of distinguished oil experts met to discuss and deliberate on energy-related matters, including OPEC Secretary General, Mohammad Sanusi Barkindo; the Kingdom's Minister of Energy, Industry and Mineral Resources and the President of the OPEC Conference, Khalid A Al-Falih; Qatar's Minister of Energy and Industry, Dr Mohammed Bin Saleh Al-Sada; and the UAE's Minister of Energy, Suhail Mohamed Al Mazrouei.

Algeria reviews energy regulations to boost foreign investment

Algeria's Minister of Energy, Mustapha Guitouni, announced his Government's renewed focus on developing the energy sector's legal framework in order to attract foreign investors.

According to the state-owned press agency APS, the Minister emphasized the importance of the proposed reforms and the potential benefits that can be then yielded in exploration and exploitation of crude oil.

The Minister, who assumed office this year, has undertaken a number of steps to develop the national energy sector.

Ministry of Energy, Russia

Mustapha Guitouni, Algeria's Minister of Energy.

The hydrocarbons law

In a statement, the Algerian Prime Minister, Ahmed Ouyahia, commended the recommendations, as well as amendments to the hydrocarbon policy. He said: "The amendment of the hydrocarbons law is a must to attract investors and raise the state's hard currency income."

The CEO of the country's national oil company (Sonatrach), Abdelmoumen Ould Kaddour, reiterated the necessity of adopting the reforms. He added: "The current legal framework needs updating and strengthening for it to be a suitable competitive international energy environment."

Sonatrach 2030

He also affirmed the company's commitment to implementing the new strategy — Sonatrach 2030 — a plan intended to see the energy giant accelerate growth in the decades to come.

In recent reports, it was confirmed that the French giant Total and the Italian giant Eni are negotiating with the Ministry on a number of agreements related to large energy projects, including renewable energy and petrochemical development.

Algeria announced last February that 49 offers were submitted by international energy firms, which will boost capacity in the Algerian refining sector. According to *Reuters*, these firms expressed their strong interest in developing four additional refineries worth $6 billion.

The oil and gas industry is the backbone of Algeria's economy, accounting for approximately 35 per cent of the national gross domestic product and two-thirds of its total exports.

IR Iran and Turkey intensify cooperation

The President of IR Iran, Hassan Rouhani, commended recent relations between his country and the Republic of Turkey, following a meeting with his Turkish counterpart, President Recep Tayyip Erdogan.

In a joint press conference that took place in Tehran, President Rouhani and President Erdogan told journalists about the fruitfulness of their discussions.

President Rouhani welcomed investment by Turkish businesses and entrepreneurs in IR Iran, particularly in the petrochemical, infrastructure, transportation and tourism sectors.

He stated: "Some important agreements were made during today's private meeting with the Turkish President and also a joint meeting on strategic cooperation."

The President also encouraged Turkey to purchase larger quantities of Iranian gas, as well as to invest in the growing gas industry of Iran.

"IR Iran and Turkey are determined to increase trade and economic transactions to $30 billion from the current level of $10bn annually," he added.

Signalling the importance of enhancing mutually-beneficial relations, IR Iran's leader expressed his nation's willingness to create conditions conducive to foreign investment.

President Erdogan reiterated the importance of the meeting, adding that Iranian-Turkish economic ties are set to improve further.

The two presidents also discussed a long-term strategy that aims to intensify trade and investment.

The intensification of the relationship between IR Iran and Tukey comes as several international energy companies have expressed their strong interest in investing in the rising gas sector of IR Iran.

According to the *Financial Tribune,* French Total confirmed its commitment toward the development of a key Iranian gas project. The international energy giant signed an agreement, worth $5 billion, to further develop South Pars Gas Field's Phase 11.

IR Iran, which is a Founding Member Country of OPEC, is also a Founding Member of the Gas Exporting Countries Forum (GECF), established in 2008. Its headquarters are located in Doha, Qatar.

IR Iran's President Hassan Rouhani (r) and Turkey's President Recep Tayyip Erdogan during the press conference held in Tehran.

Bajan28/Wikimedia Commons

Libreville

Beautiful beaches, high rises and skyscrapers, developed infrastructure, a rich blend of nature and culture, and a growing population — the Gabonese capital, Libreville, is undeniably a unique city. In the fifth instalment of OPEC Cities in Focus, the OPEC Bulletin's ***Ayman Almusallam*** *takes a closer look at the capital's rich past, hopeful present and encouraging future.*

Alamy

The Port of Libreville, Gabon, is a trade centre for a timber region.

Libreville is located in the west of Gabon on the banks of Komo river. It also overlooks the Gulf of Guinea. The city, in addition to being Gabon's capital and administrative centre, is also one of its key trading hubs.

According to 'Open Data for Africa', an initiative that has been developed by the African Development Bank, Libreville is spread over an area of approximately 20,000 square kilometres. As Gabon's busiest metropolitan centre, its population is estimated at around 800,000 inhabitants.

The coastal city was historically inhabited by the Mpongwe tribe for an extensive period of time prior to French colonization. France gained control of the area in 1839. It was keen on developing the area into a key harbour to take advantage of the city's strategic location, a step that was deemed a cornerstone for the future development of Libreville's growing economy.

Some years later, several American missionaries, who originated from New England, settled in Baraka Gabon, an area that is now considered part of the capital city. They influenced the development of the country, bringing with them language and education.

Toward a federation

In 1910, French Equatorial Africa was formed (comprised of Chad, the Central African Republic, Cameroon, the Republic of the Congo, and Gabon). Libreville became its primary port. The authorities of this federation eventually invited foreign companies to exploit the region's natural resources.

Locals, as well as foreigners, often used waterways, which are ubiquitous in Gabon and neighbouring regions, to travel from one place to another. However, due to the existence of several steep rapids, authorities in France noted the importance of developing railroads to facilitate and improve mobility across the region, putting in motion the long-term construction of a railway network.

Libreville eventually grew steadily in the 1900s as an emerging administrative centre and trading hub. In time, international firms and financial institutions observed the extent of these developments, as they became interested in expanding their portfolio and operating in Gabon. This eventually led to the establishment of the first local bank in 1930 — Bank of West Africa.

Toward independence

The city kept growing and eventually became one of Africa's leading and wealthiest cities, particularly after it and the country of Gabon gained independence from France in 1960. It has since enjoyed one of the steadiest growth rates in the region.

One year after independence, Léon M'ba was elected as the country's first President. The current President is Ali Bongo Ondimba, who was elected in 2009, then re-elected in 2016.

In recent years, Libreville has witnessed notable developments in infrastructure. The emergence of stable export, oil and gas industries in Libreville, in particular, and in Gabon, in general, led the country to join OPEC in 1975 as a Full Member for the first time in its history. Gabon voluntarily suspended its membership in the Organisation in 1995, and re-joined it as of July 1, 2016.

Since its admission to the Organization, the crude oil producer and net exporter have been playing an important role in realizing the Organization's mission and objectives. It also contributed

generously to the rich legacy of the Organization through its valuable leadership, guidance and know-how in the oil market.

Economy and transport

While the hydrocarbon sector plays a key role in the regional economy of Libreville, several other industries contribute in steady and notable fashion to it as well. For example, there are thriving fishing, sawmill and shipbuilding industries.

Libreville also maintains a large reserve of primary materials, which help boost the city's export and trade industries. It presently ships rubber, cocoa and wood to clients internationally.

In general, the country enjoyed a robust gross domestic product of $95.82 billion, while its total export valued at a significant $25.93bn in 2016, according to OPEC's 2017 *Annual Statistical Bulletin*.

The country currently uses the CFA franc, which is used by five other African countries including fellow OPEC Member Country, Equatorial Guinea.

Mobility is also a significant pillar supporting the development of the regional and national economy. Libreville's city council and the country's officials have remained committed to the issue of expanding and improving transportation over the years, in order to facilitate trade and commerce.

Eleven kilometres to the north of the Gabonese capital is the nation's largest airport — Libreville International Airport — which was constructed in 1950. It is used for passengers, as well as cargo flights. Air France, Ethiopian Airlines, Royal Air Maroc, Turkish Airlines and South African Airways are just some of the carriers that travel to Libreville on a regular basis.

Libreville's key harbour is located in the port city of Owendo, forming the capital south-western district. The port was built in 1988 and continues to serve as a major port for international trade.

Climate and culture

Libreville observes an annual average temperature of 29° Celsius featuring a typical tropical monsoon climate. The city's wet season kicks off in September and lasts until the end of May, spanning a time period of nine months. In June, July and August, the climate becomes drier in general, due to the Benguela Current.

The capital of Gabon enjoys a unique blend of historical and contemporary sites, providing locals, as well as tourists, with an exquisite experience. Pongara National Park, Akanda National Park and the National Museum of Arts and Traditions are just a few of the distinctive landmarks in Gabon's capital. Pongara National Park is a 929 sq km protected parcel of land, which gained prominence for its massive mangrove forests. It is located near Libreville overlooking the Atlantic Ocean and the Komo estuary.

French is widely spoken in Libreville, in addition to some local languages. A number of universities and educational institutions serve the Gabonese capital, such as Omar Bongo University that was established in 1970, the Lycée Blaise Pascal de Libreville, the International School of Gabon Ruban Vert and the American International School of Libreville, among many others.

These and many other features make Libreville a fascinating, dynamic city worth a visit. Overlooking the Komo River, Libreville remains an icon symbolizing the prosperity and progress achieved so far by the OPEC Member Country.

Market in Libreville

Vast Senate building in Gabon's capital Libreville is named for President Omar Bongo Ondimba.

The rural youth of today

IFAD

Gilbert F Houngbo* *(pictured I)*, the recently appointed President of the International Fund for Agricultural Development (IFAD), is a passionate advocate of rural youth, having been born and raised in rural Togo. Amid a busy schedule of meetings at IFAD's headquarters in Rome – and having only just returned from mission in Ethiopia – he spoke with the *OFID Quarterly* about the challenges of food security, making agriculture a more attractive sector for young people, and more ...

Interview by Steve Hughes

"When I see rural youth today — young boys and young girls — I'm reminded of myself all those years ago. I feel like there's some unfinished business. So that's where my drive comes from."

— Gilbert F Houngbo

"One of the biggest challenges at the global level is our youth — even in advanced economies. But it's crucial when you look at it from the perspective of the Least Developed Countries. Unless we're decisive about it, the so-called dividends of youth will turn out to be a curse instead.

The majority of people in low income countries live in rural areas. And at least half of them, if not more, are young people. This has implications for economic migration. I don't believe that migration can or should be stopped, but if we want to make it a more positive experience for all — and prevent people from being forced to migrate — we have to create hope and potential for young people.

At the moment, I don't feel like the agricultural sector is attractive enough to draw young people in. But I'm convinced that by investing in technologies — improving seed yields and providing better access to weather, market and financial information, for example — we can make agriculture much more attractive. I would like to see us reach the situation where young people, either alone or in small groups, become as excited about starting up an agriculture-related company as they are by the lure of the city.

Challenges

This is part of the answer to the youth unemployment challenge, and also part of the answer to the food security question. The challenge for us is getting to this position. Most members of the rural youth community will tell you that the first impediment is access to finance. I'm determined that the money IFAD lends to its members is geared toward rural youth. The private sector has an important part to play, too; governments are not able to create all the jobs we need or provide all the answers.

When it comes to providing better access to technology, I'm not advocating the most sophisticated forms. But we should remember that no young person seems satisfied with less than a smart phone these days, whether they're in Europe or Africa. We need to invest in

Konkomba children on a tractor in a village in Togo.

** **Gilbert F Houngbo** was recently appointed the sixth President of IFAD. He previously served as Deputy Director-General of the International Labour Organization (ILO) and was Prime Minister of the Republic of Togo from 2008–12. Houngbo has also held leadership positions at the United Nations Development Programme (UNDP).*

Women and children fill water jugs from a central filling point in Ethiopia.

broadband: it's important from a networking point of view. Communication apps have the potential to make a big difference in rural communities, and they're important to increase access to information. At a community level, the use of cheap and easy-to-operate technology can make a big difference. Drones, for example, can improve the understanding of land borders, titling issues, topography and more.

Productivity

Access to simple technology and low maintenance equipment is important: if it's too difficult to maintain, communities will be quickly back to square one. It's very easy to double productivity in some cases. Today, we've returned from Ethiopia where we financed a small, unsophisticated irrigation project. Sometimes, just building simple channels to bring water from the highlands to the lowlands can double or triple production, and therefore income.

There is desperate need to improve rural infrastructure. I'm passionate about this because I was born and raised in a small village in the middle of Togo. My family produced cotton. When you've loaded a car or a truck with produce and there is just one road out of the village — and it's not even a proper road — you can struggle. Sometimes we'd be stuck for days, until there was enough manpower to dig us out.

I've lived through that. It's not a complaint, but what I do find unacceptable is that 50 years later, things are still the same, or worse in some cases. I'm not being pessimistic. Many things have improved markedly. But when I see rural youth today — young boys and young girls — I'm reminded of myself all those years ago. I feel like there's some unfinished business. So that's where my drive comes from.

Notice that I talk about boys and girls. Gender equality is a big part of the answer. In Uganda, I met an interesting woman. I meet so many of them. Women spend on their families — on improving health and education. The Ugandan woman I mention, she began raising chickens by borrowing money from one of our saving and loan associations. She moved on to keeping goats and cows. Before long, she began importing medicine from the city and opened a pharmacy. And when she realized water was becoming short in her village, she borrowed money to construct a new borehole, 40 or 50 metres deep.

Things are happening on the ground: the challenge is how to scale it all up. IFAD is small and agile. We need to show our major resource providers that we can do more — not through words but through actions."

IFAD, OFID and OPEC

The International Fund for Agricultural Development (IFAD) is a specialized agency of the United Nations, founded in 1977 to mobilize resources for agricultural development in the poorer regions of the world. OFID played a significant role in the establishment of IFAD, channeling more than $861 million in contributions from OPEC Member Countries towards the agency's initial capital and first replenishment. Since IFAD's creation, OFID has maintained its support of the agency, contributing to additional replenishments of its resources. In addition, OFID itself has given a further $20m as a special contribution from its own resources.


Shutterstock

The OPEC Fund for International Development (OFID) is the development finance institution established by the Member States of OPEC in 1976 as a channel of aid to the developing countries. OFID works in cooperation with developing country partners and the international donour community to stimulate economic growth and alleviate poverty in all disadvantaged regions of the world. It does this by providing financing to build essential infrastructure, strengthen social services' delivery and promote productivity, competitiveness and trade. OFID's work is people-centred, focusing on projects that meet basic needs — such as food, energy, clean water and sanitation, healthcare and education — with the aim of encouraging self-reliance and inspiring hope for the future.

OFID was conceived at the Conference of the Sovereigns and Heads of State of Member Countries, held in Algiers, Algeria, in March 1975. A Solemn Declaration "reaffirmed the natural solidarity which unites OPEC Countries with other developing countries in their struggle to overcome underdevelopment," and called for measures to strengthen cooperation between these countries. In this spirit, OFID was established in January 1976 by the then 13 Member Countries of OPEC. Initially, it was called 'The OPEC Special Fund'. The idea was that OFID's resources are additional to those already made available by OPEC States through a number of bilateral and multilateral channels.

Visitors of the OPEC Secretary General

In the course of his official duties, OPEC Secretary General, Mohammad Sanusi Barkindo, visits, receives and holds talks with numerous dignitaries from the public and private sectors.

October 4

Bolivian Minister meets OPEC Secretary General
On the sidelines of Russian Energy Week 2017, held from October 3–7, in Moscow, Eng Luis Alberto Sánchez Fernández (r), the Minister of Hydrocarbons of Bolivia, met Mohammad Sanusi Barkindo (l), OPEC Secretary General.

October 6

Dietsmann CEO visits OPEC Secretary General
Peter Kütemann (l), President and CEO at Dietsmann, visited Mohammad Sanusi Barkindo, OPEC Secretary General.

October 25

Governors to OPEC visits Secretary General
Estévão Pedro (second l), Angola's Governor for OPEC and Chairman of the Board of Governors; Patricio Larrea (r), Ecuador's Governor for OPEC; and Eng Angel Gonzalez Saltron (l), Venezuela's Governor for OPEC; visited Mohammad Sanusi Barkindo (second r), OPEC Secretary General.

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

Visits to the Secretariat

July 25 German army officers (Jugendoffizier) from Würzburg-Veitshöchheim, Germany.

July 28 Students from the Mendel University in Brno, Czech Republic.

August 8 Representatives of the World Federation of United Nations Associations (WFUNA), Geneva, Switzerland.

August 10 Student from the World Youth Academy.

August 17 Students from the Middle East and International Affairs Research Group (MEIA Research), Munich, Germany.

September 5 Executives from the Indian Institute of Management (IIM) Indore, and a group of Senior Management executives from the Management Development Institute, India.

General Legal Counsel

Within the OPEC Secretariat, the Legal Office contributes to the conduct of the affairs of the Organization by promoting the rule of law within the Organization and in its relation with Governments, organizations, enterprises and individuals and by maintaining and defending the legal claims and interest of the Organization. The Office participates in the drafting and negotiations of contracts and agreements with external entities. It provides legal support and proposes amendments in respect of the Organization's organs, statutes and programmes, as well as of financial and staff regulations. It monitors developments of relevant legal aspects pertaining to the energy sector, nationally and internationally, conducts research and publishes up to date legal articles on recent and emergent trends. It protects and advances the interests of the Organization and its Member Countries in international forums.

Objective of position:
The General Legal Counsel is to plan, organize, coordinate, manage and evaluate the work of the Legal Office in accordance with the work programme and budget so as to optimize its support to the Secretariat in achieving its overall objectives. He/she also provides legal advice and expertise on matters relating to OPEC and its Member Countries as arise from relevant international and national fora and developments. Furthermore, he/she provides legal advice and support regarding the Secretariat's Statute and Staff and Financial Regulations, as well as other internal legal issues and protects and advances the interests of OPEC and its Member Countries at international forums.

Main responsibilities:
- Plans, organizes, coordinates, manages and evaluates the work in the Legal Office by providing legal advice on: all pertinent legal developments in the global petroleum industry; matters relating to and arising from various international forums in particular the implications of developments in the legislation, judicial decision, arbitration awards, agreements and treaties of the WTO, UNCTAD, UNFCCC, UNCSD, ECT and national policies and actions on the Member Countries; internal legal issues, including reviewing contracts, as well as the application of the Staff and Financial Regulations, recommending amendments where necessary; Statutes of OPEC, suggesting amendments, as necessary, to the Statutes of the Organization or the Economic Commission Board (ECB), in accordance with the Resolutions of the Conference;
- Recommends a programme on legal research suggesting new policies and resolutions, and carrying out special legal studies on particular aspects of the energy industry, as well as international developments, with a view to ascertaining how best the interest of the Organization and Member Countries may be served;
- Ensures full responses to requests by the Conference, Board of Governors, ECB and standing committees for studies and special reports relevant to the work programme of the Office;
- Develops and maintains networks with external experts and institutions in fields relating to the work of the Office;
- Keeps the Secretary General fully informed on all aspects of the work of the Office, and draws his attention to important analyses performed by it;
- Evaluates the performance of the staff of the Office and recommends to the Secretary General of staff development, salary increase, promotion and separations as appropriate;
- Ensures that the staff of the Office receives the supervision and guidance necessary to broaden and deepen their skills and continuously improve their performance;
- Prepares the annual budget for the Office.

Required competencies and qualifications:
Education: University degree in Law, Masters in International Law; PhD preferred; Certified Lawyer.
Work experience: *Advanced degree:* 12 years in positions directly related to legal aspects of the international oil industry with a minimum of four years in a managerial position, preferably at large national, regional, or international institutions; *PhD:* ten years.
Training specializations: International law — a combination of two or more of the following specializations is preferred: International energy law and policy; International and comparative petroleum law and policy; International competition law and policy; International trade law; International economic law; International environmental law and policy; International law on foreign investment; Professional management and leadership.
Competencies: Managerial and leadership skills; communication skills; analytical skills; presentation skills; interpersonal skills; customer service orientation; team-building skills; initiative; integrity.
Language: English.

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

The post is at grade B reporting to the Secretary General. The compensation package, including expatriate benefits, is commensurate with the level of the post.

Applications:
Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years.
Applicants are requested to fill in a résumé and an application form which can be received from their Country's Governor for OPEC.
In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **November 30, 2017,** quoting the job code: 1.1.01 *(see www.opec.org — Employment).*

Finance Officer

Within the Support Services Division, the Finance and Human Resources Department is responsible for budgets, accounting and internal control, as well as human resources planning and management. The Department is to provide services related to managing the human and financial resources of the Organization. Within the Department, the Finance Section is responsible for all financial matters and financial control functions at the Secretariat and ensuring financial integrity of the Organization as stipulated in the Financial Regulations.

Objective of position:

The Finance Officer is responsible for financial matters and financial control functions at the Secretariat, ensuring financial integrity of the Organization in accordance with the objectives of the Section. He/she is to plan and manage financial resources of the Secretariat efficiently, as well as to manage the work programme of the Section and to supervise and guide its staff.

Main responsibilities:

Performs financial planning and cash management ensuring efficient and effective utilization of resources; coordinates the budget preparation in conformity with the guidelines and monitors the implementation of the budget; prepares reports and presentations on financial matters to the Management and the Board of Governors; checks and controls all payments received and records transactions; manages the working process and supervises staff of the Section; manages the investment of liquid funds; provides support and information to the Internal and External Auditors.

Required competencies and qualifications:

Education:

University degree in Accounting/Finance; advanced degree preferred.

Work experience:

University degree: ten years in accounting, finance and budgeting; advanced degree: eight years.

Training specializations:

Accounting (Managerial Accounting, Financial Accounting);
Finance (financial management preferred);
Cost and benefits analysis/budgeting;
Computer accounting system.

Competencies:

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

Language: English.

Status and benefits:

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

The post is at grade D reporting to the Head of Finance and Human Resources Department. The compensation package, including expatriate benefits, is commensurate with the level of the post.

Applications:

Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years.
Applicants are requested to fill in a résumé and an application form which can be received from their Country's Governor for OPEC.
In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **November 30, 2017,** quoting the job code: 9.2.01 *(see www.opec.org — Employment).*

Oil Price Analyst

Within the Research Division, the Petroleum Studies Department provides pertinent and reliable information and analyses in support of decision-making and policy-making in Member Countries. It carries out research programmes and studies on short-term petroleum market developments with the aim of issuing reports on a regular, as well as ad-hoc basis, highlighting important issues for their use and consideration. It conducts regular forecasts, elaborates and analyses oil market scenarios and prepares and publishes reports on these findings. It promotes OPEC's views and technical analysis on short-term oil market developments to the industry at large and the general public via the *OPEC Monthly Oil Market Report,* as well as other reports, presentations and related pod casts. And it prepares and contributes to reports to be submitted to the Economic Commission Board, the Board of Governors, etc, as well as papers for various OPEC publications.

Objective of position:

To study and analyse determinants of oil prices and price differentials between grades of crude oil as well as different market crude spreads with potential arbitrage flows and to analyse factors affecting petroleum future markets and their interaction with spot prices; to forecast short- and medium oil price movements and — on the basis of forecasts of oil demand and supply as well as current stock movements — to undertake market assessments under different scenarios and report thereon.

Main responsibilities:

- Consolidates analytical findings and prepares, coordinates and contributes to reports for submission to the Governing Bodies (primarily Economic Commission Board) and for issuance in the Daily, Weekly and Monthly Reports as well as for presentations in various forums.
- Carries out the Market Assessment for submission to the Governing Bodies (Board of Governors, Economic Commission Board, etc).
- Analyses the price performance of different grades of crudes in the international oil market and identifies significant changes in price differentials.
- Studies and analyses crude oil pricing policies of oil exporting countries.
- Studies and analyses price developments in future markets, identifies prices levels and differentials in relation to spot markets.
- Follows up on the performance of the OPEC Reference Basket in relation to major benchmarks.
- Carries out further in-depth analyses and applies quantitative methods on oil market price movements.
- Analyses key factors which have an impact on oil prices, primarily in major consuming countries.

Required competencies and qualifications:

Education: University degree in Economics, Petroleum Economics, Marketing, Engineering or related fields; advanced degree preferred.

Work experience: Eight years in the oil industry sector, six years in case of advanced degree.

Training/specializations: Physical and future markets; supply/demand fundamentals; economics in the petroleum industry; trading tools; oil market and its fundamentals, in particular combination of all key factors influencing the oil market/prices.

Competencies: Communication skills; analytical skills; presentation skills; interpersonal skills; customer service orientation; initiative and integrity.

Language: English

Status and benefits:

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

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

Applications:

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

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

In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **December 1, 2017,** quoting the job code: 4.3.02 *(see www.opec.org — Employment).*

Forthcoming events

Bottom of the barrel technology conference, December 4–5, 2017, Manama, Bahrain. Details: Euro Petroleum Consultants Ltd, 44 Oxford Drive, Bermondsey Street, London SE1 2FB, UK. Tel: +44 207 357 8394; fax: +44 207 357 8395; e-mail: enquiries@europetro.com; website: www.europetro.com/event/54/0.

Argus European LPG markets 2017, December 4–6, 2017, London, UK. Details: Argus Media, Argus House, 175 St John Street, London EC1V 4LW, UK. Tel: +971 44 34 51 16; email: me.events@argusmedia.com; website: www.argusmedia.com/events/argus-events/europe/argus-euro-lpg/home.

Kurdistan-Iraq oil and gas, December 11–13, 2017, London, UK. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.cwckiog.com.

Middle East crude oil summit, December 12, 2017, Dubai, UAE. 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.platts.com/events/emea/middle-east-crude-oil/index.

Gas storage outlook bonference, January 8–9, 2018, Houston, TX, USA.Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 176 6142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.platts.com/events/americas/gas-storage/index.

World future energy summit 2018, January 15–18, 2018, Abu Dhabi, UAE. Details: Reed Exhibitions, Gateway House, 28 The Quadrant, Richmond, Surrey TW9 1DN, UK. Tel: +44 208 271 2134; fax: +44 208 910 7823; e-mail: rxinfo@reedexpo.co.uk; website: www.worldfutureenergysummit.com.

Argus Americas crude summit, January 16–18, 2018, Houston, TX, USA. Details: Argus Media, Argus House, 175 St John Street, London EC1V 4LW, UK. Tel: +971 (0) 44 34 51 16; email: me.events@argusmedia.com; website: www.argusmedia.com/events/argus-events/americas/americas-crude-summit/home.

World gas congress Asia 2018, January 18–19, 2018, Osaka, Japan. Details: UMS Institute, D612, JBC Plaza, 808 Hongqiao Road, Changning District, Shanghai 200030, PR of China. Tel: +86 21 61 55 39 64; fax: +86 21 51 86 15 48; e-mail: andrew.jones@umsinstitute.org; website: www.wgcasia.org.

Middle East refining technology conference, January 23–24, 2018, Manama, Bahrain. Details: Clarion Events Ltd, Fulham Green, 69–79 Fulham High Street, London, SW6 3JW, UK. Tel: +971 (0)55 307 3332; e-mail: kay.mitchell@wraconferences.com; website: http://mertc.wraconferences.com.

Oil and gas IP summit, January 24–26, 2018, London, UK. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: https://oilandgasip.iqpc.co.uk/?utm_medium=portal&mac=IQPCCORP.

Caribbean energy conference, January 25–26, 2018, Nassau, The Bahamas. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 176 6142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.platts.com/events/americas/caribbean-energy/index.

European oil storage conference, January 25–26, 2018, Amsterdam, The Netherlands. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 176 6142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.platts.com/events/emea/european-oil-storage/index.

Myanmar oil and gas summit, January 25–26, 2018, Yangon, Myanmar. Details: 3 Floor, Archway House, 1–3 Worship Street, London EC2A 2AB, UK. Tel: +44 207 127 4501; fax: +44 207 127 4503; e-mail: info@oliverkinross.com; website: www.myanmaroilsummit.com.

Middle East and North Africa energy 2018, January 29–30, 2018, London, UK. Details: Chatham House, 10 St James's Square, London SW1Y 4LE, UK. Tel: +44 207 957 5700; fax: +44 207 957 5710: e-mail: contact@chathamhouse.org; website: www.chathamhouse.org/conferences/middle-east-and-north-africa-energy-2018.

11th annual European gas conference, January 29–31, 2018, Vienna, Austria. Details: World Refining Association, Clarion Events Ltd, Fulham Green, 69–79 Fulham High Street, London, SW6 3JW, UK. Tel: +971 (0)55 307 33 32; e-mail: kay.mitchell@clarionevents.me; website: www.europeangas-conference.com.

LNG bunkering summit 2018, January 29–31, 2018, Amsterdam, The Netherlands. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: https://lngbunkering.iqpc.co.uk/?utm_medium=portal&mac=IQPCCORP.

Middle East drilling technology conference and exhibition, January 29–31, 2018, Abu Dhabi, 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/events/en/2018/conference/18medt/homepage.html.

GCC energy strategy forum, January 31, 2018, Kuwait City, Kuwait. Details: The Petroleum Economist Ltd, 69 Carter Lane, London EC4V 5EQ, UK. Tel: +44 207 779 8800; fax: +44 207 779 88 99; e-mail: customerservice@petroleum-economist.com; website: www.cvent.com/events/the-petroleum-economist-gcc-energy-strategy-forum-2018/event-summary-93daed237d30457e86037c0d329e543c.aspx.

Developments in global oil inventories

November 2017

The historic efforts made by OPEC and non-OPEC producers over the past year to rebalance the oil market has been in response to the levels of global oversupply and the related stock overhang. In fact, from 2014 through 2016, global oil inventories grew rapidly as global supply outpaced world demand. This was not just because of price pressures. According to its *Monthly Oil Market Report (MOMR)* for November, OPEC saw that during the same 2014–16 period, "the crude futures' forward curve flipped into a prolonged contango for the first time since 2010, providing an economic incentive to store significant volumes of crude at sea."

Regardless of the incentive or driver, various indicators showed that the stock levels were at very high levels. OECD commercial stock levels — a key indicator of the state of the oil market — reached at a record-high of more than 380 million barrels over the five-year average by February of this year, according to the *MOMR*, indicating the excess supply in the market.

Thus, faced with such conditions, the landmark production adjustment decision taken by the OPEC and non-OPEC participating oil producing nations at the end of 2016, and the ensuing document known as the 'Declaration of Cooperation' (as well as its renewal and extension in May of this year), were quite necessary. They were "necessary responses to the urgent need to bring forward market rebalancing."

In fact, as the recent *MOMR* states, the "distinguished efforts" of all those producers participating in the Declaration "focused on accelerating the drawdown of the global stock overhang in order to hasten the return of sustainable oil market stability." The result was that total OECD commercial stocks saw a drop of 83m b in the first three quarters of this year, compared to a build of 38m b in the same period in 2016.

The *MOMR* provides the following additional details: "In the first three quarters of 2017, crude inventories [fell] by 23m b, while refined product stocks in the OECD [...] declined by 60m b, driven mainly by improving demand in OECD countries. In the first three quarters of 2017, the stock draw came as global oil demand growth rose by 1.6m b/d compared to the same period in 2016, outpacing the 700,000 b/d net increase in global oil supply over the same period."

One fact that has been noted by the *MOMR* is that the rise in global supply came solely from the countries outside the 'Declaration of Cooperation'. "During the first three quarters of 2017, OPEC Member Countries reduced their average production by 600,000 b/d and non-OPEC participants by 200,000 b/d compared to the same period last year, while other non-OPEC oil producing countries increased their supply by 900,000 b/d," according to the November *MOMR*.

It further highlights the fact that during the same period, "the conformity of the OPEC and non-OPEC participants reached 102 per cent compared to their agreed reference months." Since then, the excess overhang has fallen considerably — "with the difference to the five-year average reduced by around 183m b since the beginning of this year to stand at 154m b in September."

Separately, crude and products indicated surpluses of, respectively, 129m b and 25m b above the seasonal norm. Also, on regional basis, the bulk of this overhang was located in OECD Americas followed by OECD Europe, while OECD Asia Pacific has remained broadly in line with the five-year average.

Finally, the *MOMR* also notes that "[a]mid improving OECD demand, inventories in terms of days of forward cover have fallen from more than 65 days in mid-2016 to currently stand at 62.3 days. Similarly, the deviation with the five-year average has been reducing from 6.7 days to just 1.9 days." At the same time, floating storage for crude and products has been declining since the beginning of 2017, dropping by around 50m b to 87m b at the end of October 2017. This trend recently saw acceleration, with a shift in the ICE Brent forward curve to backwardation, which encouraged de-stocking, stated the *MOMR*.

Looking ahead, the lead article in the *MOMR* concluded that the "high conformity levels of participating OPEC and non-OPEC producing countries, in accordance with the 'Declaration Cooperation', have clearly played a key role in supporting stability in the oil market and placing it on a more sustainable path."

OPEC and participating non-OPEC countries will continue to monitor market conditions and stock levels, and will meet when necessary to continue to assess development — and consider how best to continue these efforts in the months and year to come.

MOMR ... oil market highlights

November 2017

The **OPEC Reference Basket** averaged $55.50/barrel in October, gaining $2.06/b over the previous month and reaching the highest value in more than two-and-a-half years, with a year-to-date average of $50.68/b. Crude futures also reached levels not seen since mid-2015. ICE Brent ended $2.13/b higher at $57.65/b, while NYMEX WTI increased $1.72/b, reaching $51.59/b, keeping the Brent-WTI spread above $6/b. Prices have been supported by rising global demand data and expectations that major producing nations will extend a deal to adjust output and bring the oil market to a balance. Hedge funds raised net long positions in NYMEX WTI and ICE Brent futures and options by 29,456 and 21,592 contracts, respectively, to 281,244 and 530,237 lots. Brent and Dubai remained in backwardation, while the WTI contango eased. Sweet/sour differentials narrowed in Asia and Europe, but widened on the US Gulf Coast.

The **global economic growth** dynamic has continued its momentum, with the forecast for 2017 revised up to 3.7 per cent, from 3.6 per cent in last month's report. Similarly, the 2018 forecast has been adjusted higher, as well to stand at 3.7 per cent, compared to 3.5 per cent in the previous month. Particularly OECD economic growth in 2017 was better than expected so far. The OECD is seen growing by upwardly revised 2.3 per cent in 2017 and 2.2 per cent in 2018.

Good momentum — and a potential tax reform — in the US, the ongoing dynamic in the Euro-zone and to some extent in Japan, solid growth in China and India and an improving situation in Russia and Brazil are supporting the growth trend in the short-term.

World oil demand growth is expected to rise by 1.53 million barrels/day in 2017 after an upward adjustment of 74,000 b/d to account for the better-than-expected performance of China in 3Q17. In 2018, world oil demand is foreseen reaching 1.51m b/d, around 130,000 b/d higher than in the previous assessment.

Non-OPEC **oil supply** is now projected to grow by 650,000 b/d y-o-y in 2017, representing a downward revision of 20,000 b/d from last month's report. For 2018, growth in non-OPEC oil supply has also been revised down by 70,000 b/d to stand at 870,000 b/d. OPEC NGLs and non-conventional liquids are expected to grow by 180,000 b/d in 2018, following an increase of 170,000 b/d in 2017. In October 2017, OPEC crude oil production decreased by 151,000 b/d, according to secondary sources, to average 32.59m b/d.

Product markets in the Atlantic Basin weakened in October due to seasonally-lower gasoline demand following the end of US driving season. Nonetheless, US refining margins have exhibited some improvement y-o-y on the back of firm product demand and amid low stock levels. In Europe, solid middle-of-the-barrel demand offset weakness at the top and bottom. Product markets in Asia also weakened slightly, but remained at healthy levels, supported by the onset of refinery maintenance.

Sentiment in the dirty **tanker market** generally strengthened in October, as freight rates for different classes showed improvements on most major trading routes. Average dirty tanker spot freight rates rose 16 per cent compared to the previous month, on the back of improved seasonal tonnage demand, as well as port and weather delays, among other factors. Despite healthy gains in October, the shipping market remains in surplus, capping further increases in spot freight rates. Meanwhile, clean tanker freight rates experienced a relative decline, although remaining above the levels of the same month last year.

Total OECD commercial **oil stocks** fell in September to stand at 2,985m b. At this level, OECD commercial oil stocks are 154m b above the latest five-year average. Crude and products stocks indicated a surplus of around 129m b and 25m b, respectively, above the seasonal norm. In terms of days of forward cover, OECD commercial stocks stood at 62.3 days in September, some 1.9 days higher than the latest five-year average.

Based on the current global **oil supply/demand balance**, OPEC crude in 2017 is estimated at 33.0m b/d, around 710,000 b/d higher than in 2016. OPEC crude in 2018 is estimated at 33.4m b/d, about 460,000 b/d higher than in 2017.

The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for November 2017. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage. The additional graphs and tables on the following pages reflect the latest data on OPEC Reference Basket and crude and oil product prices in general.

Table 1: OPEC Reference Basket spot crude prices

$/b

Crude/Member Country	2016 Oct	Nov	Dec	2017 Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Weeks 39–43/2017 (week ending) Sep 29	Oct 6	Oct 13	Oct 20	Oct 27
Arab Light – Saudi Arabia	48.26	43.32	51.92	52.29	53.63	50.68	51.64	49.30	45.21	47.12	49.63	53.29	55.73	55.57	54.63	54.75	55.98	56.46
Basrah Light – Iraq	46.79	41.97	50.87	51.66	52.66	49.82	50.75	48.56	44.55	46.43	49.26	53.03	55.02	55.33	53.94	53.91	55.23	55.87
Bonny Light – Nigeria	50.83	45.20	53.91	54.98	55.24	51.91	53.02	50.77	46.92	48.66	51.69	56.55	57.97	59.07	56.71	56.47	58.07	59.28
Es Sider – Libya	48.74	43.63	52.12	53.08	53.46	50.00	51.04	48.90	44.87	46.96	50.31	55.07	56.48	57.59	55.22	54.98	56.58	57.79
Girassol – Angola	49.37	44.95	53.41	54.41	55.21	51.89	52.68	50.36	46.46	48.75	52.31	56.83	57.88	59.49	56.84	56.38	57.88	59.09
Iran Heavy – IR Iran	47.30	42.42	51.41	51.90	53.16	50.27	51.12	49.00	44.62	46.01	48.70	52.27	54.29	54.53	53.27	53.30	54.55	54.95
Kuwait Export – Kuwait	47.04	42.14	50.93	51.48	52.85	49.87	50.81	48.65	44.37	46.19	48.70	52.23	54.50	54.47	53.47	53.52	54.75	55.18
Marine – Qatar	48.13	44.25	52.08	53.44	54.14	50.89	52.39	50.24	46.26	47.45	49.71	52.91	55.14	55.30	54.06	54.08	55.36	55.83
Merey – Venezuela	42.36	39.37	45.86	46.81	47.03	44.14	46.15	45.16	42.49	43.41	45.38	49.13	50.70	51.20	49.80	49.82	51.02	51.21
Murban – UAE	51.19	47.25	54.93	55.97	56.31	52.96	54.32	51.96	47.86	49.02	51.51	54.94	57.39	57.45	55.98	56.25	57.75	58.28
Oriente – Ecuador	45.98	41.69	48.67	48.64	50.08	46.83	48.70	46.91	43.11	45.21	47.45	51.30	53.77	54.07	52.19	52.94	53.87	54.95
Rabi Light – Gabon*	48.15	43.92	52.22	53.13	54.04	50.63	51.71	49.48	45.45	47.54	50.69	55.10	56.31	57.62	55.05	54.81	56.41	57.62
Saharan Blend – Algeria	49.79	45.13	53.82	54.84	55.06	51.40	51.84	49.80	46.07	47.96	51.31	56.32	57.88	58.84	56.62	56.38	57.98	59.19
Zafiro – Equatorial Guinea*	48.40	43.40	52.77	53.80	54.75	51.73	51.98	49.96	45.92	48.19	51.67	56.57	57.73	59.09	56.52	56.28	57.88	58.97
OPEC Reference Basket	**47.87**	**43.22**	**51.67**	**52.40**	**53.37**	**50.32**	**51.37**	**49.20**	**45.21**	**46.93**	**49.60**	**53.44**	**55.50**	**55.78**	**54.38**	**54.41**	**55.72**	**56.34**

Table 2: Selected spot crude prices

$/b

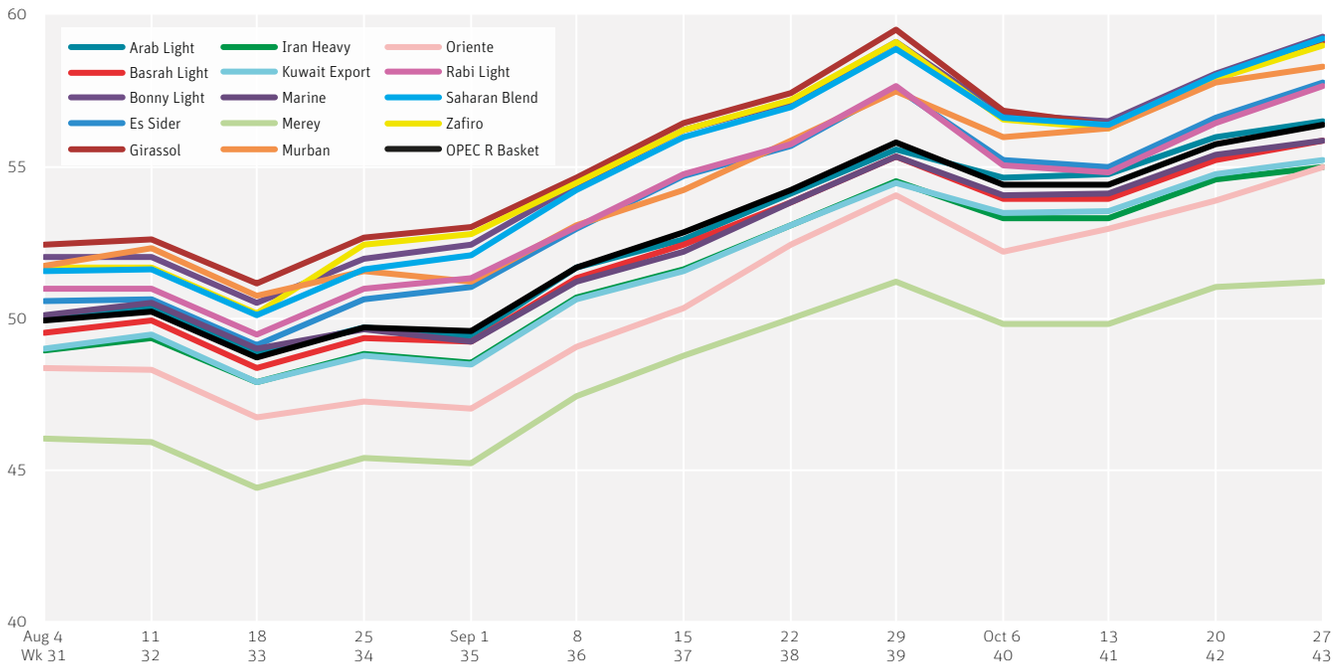
Crude/country	2016 Oct	Nov	Dec	2017 Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Weeks 39–43/2017 (week ending) Sep 29	Oct 6	Oct 13	Oct 20	Oct 27
Arab Heavy – Saudi Arabia	46.26	40.96	49.70	50.56	51.97	48.86	49.97	47.92	43.64	45.76	48.55	51.78	53.99	53.92	53.09	53.02	54.25	54.55
Brega – Libya	49.79	45.18	53.52	54.43	54.86	51.40	52.19	49.85	45.77	47.61	50.76	55.34	56.78	57.89	55.52	55.28	56.88	58.09
Brent Dtd – North Sea	49.74	45.13	53.57	54.58	55.06	51.60	52.59	50.45	46.42	48.51	51.66	56.07	57.28	58.59	56.02	55.78	57.38	58.59
Dubai – UAE	48.94	43.98	52.08	53.71	54.41	51.21	52.31	50.47	46.38	47.59	50.24	53.51	55.63	55.54	54.68	54.60	55.91	56.26
Ekofisk – North Sea	49.58	44.97	53.67	54.62	55.17	51.50	52.57	50.43	46.40	48.63	52.30	57.15	57.85	59.88	56.92	56.14	57.88	59.13
Iran Light – IR Iran	47.99	43.45	51.85	52.35	52.35	49.13	50.04	47.34	43.85	47.03	50.85	54.45	56.25	57.00	55.31	54.81	56.03	57.45
Isthmus – Mexico	49.91	45.64	53.81	54.98	56.09	52.26	53.81	51.85	48.21	50.75	52.92	55.20	56.08	57.56	54.39	55.03	56.42	57.22
Oman – Oman	49.18	44.54	52.72	54.01	55.12	51.71	52.82	50.57	46.50	47.63	50.37	53.95	55.63	56.20	54.80	54.73	55.88	56.14
Suez Mix – Egypt	46.54	42.13	50.59	51.72	51.97	48.24	49.71	47.31	43.82	46.12	49.59	53.19	55.11	55.74	54.05	53.67	54.93	56.35
Minas – Indonesia*	45.20	40.72	49.68	50.63	51.19	48.35	47.95	45.96	42.65	43.96	45.91	49.20	50.55	51.43	49.65	49.61	50.83	50.94
Urals – Russia	48.24	43.83	52.28	53.42	53.67	49.94	51.55	49.04	45.52	47.82	51.30	54.89	56.81	57.44	55.75	55.37	56.63	58.05
WTI – North America	49.89	45.67	52.02	52.50	53.40	49.58	51.06	48.56	45.17	46.67	48.03	49.71	51.57	51.83	50.21	50.77	51.71	52.49

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. From January 2009–December 2015, the ORB excludes Minas (Indonesia). As of July 2016, the ORB includes Rabi Light (Gabon).

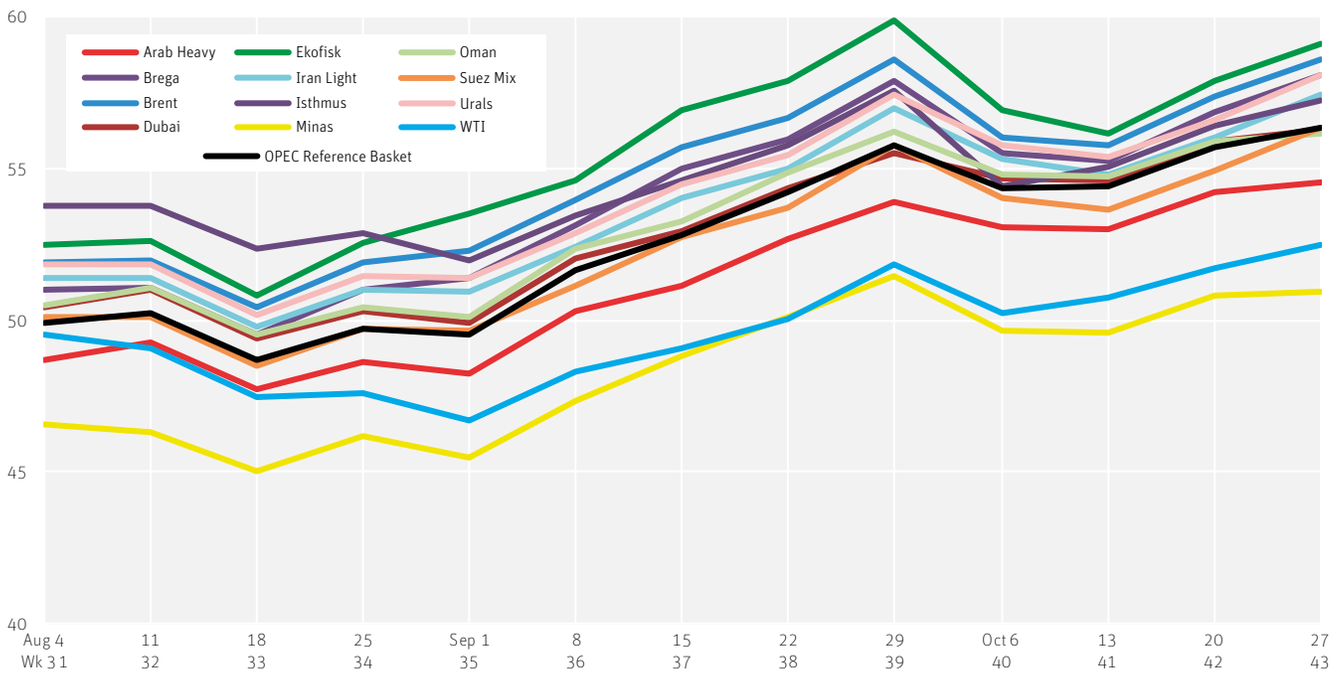
* *Indonesia joined in 1962, suspended its Membership on December 31, 2008, reactivated it again on January 1, 2016, but suspended its Membership again on December 31, 2016. Gabon joined in 1975 and left in 1995; it reactivated its Membership on July 1, 2016. Equatorial Guinea joined on May 25, 2017.*

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; as of January 1, 2016, Argus; Secretariat's assessments.

Graph 1: Evolution of the OPEC Reference Basket spot crude prices, 2017 $/b



Graph 2: Evolution of selected spot crude prices, 2017 $/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).
Indonesia suspended its OPEC Membership on December 31, 2008, this was reactivated from January 1, 2016, but suspended again on December 31, 2016.

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

$/b

		naphtha	regular gasoline unleaded	diesel ultra light	jet kero	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2016	October	48.60	70.13	61.50	61.82	43.83	38.10
	November	45.82	64.62	57.36	57.29	40.98	35.71
	December	50.90	71.37	64.50	64.89	46.70	42.28
2017	January	55.06	73.82	65.60	65.05	50.60	43.03
	February	54.82	75.66	66.35	66.13	49.73	43.13
	March	50.70	70.06	62.29	62.21	44.86	39.94
	April	51.54	75.36	64.21	64.11	46.95	41.71
	May	48.43	72.61	61.13	61.11	46.26	40.64
	June	44.69	69.62	57.81	57.06	43.95	39.68
	July	47.29	70.31	61.17	60.90	45.03	42.23
	August	51.00	75.17	65.71	64.70	46.64	44.06
	September	55.76	79.57	70.72	71.33	49.82	47.00
	October	57.45	76.10	71.36	71.69	50.61	47.35

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

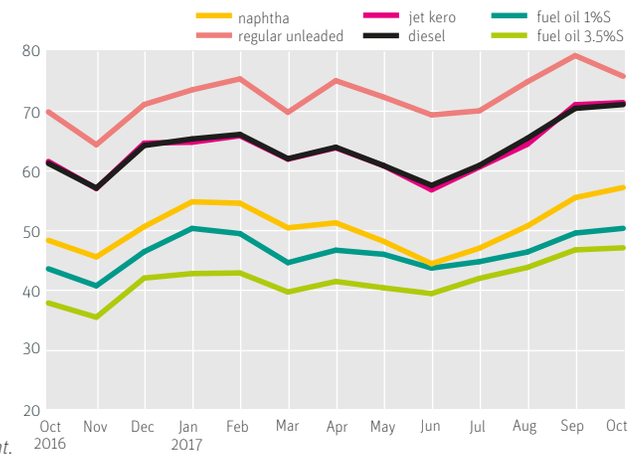


Table and Graph 4: South European market — spot cargoes, fob Italy

$/b

		naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2016	October	48.18	62.36	62.83	44.46	40.72
	November	45.09	57.83	57.93	40.71	37.30
	December	49.70	64.86	65.41	48.84	44.01
2017	January	54.21	66.95	66.54	52.19	45.77
	February	54.46	68.26	67.52	50.41	45.75
	March	49.55	62.59	63.15	46.24	42.34
	April	50.67	67.89	65.24	48.03	43.95
	May	47.31	63.74	62.28	47.10	42.85
	June	43.57	59.92	58.01	45.56	42.13
	July	46.31	61.17	62.06	45.35	43.60
	August	50.46	66.85	65.54	46.70	44.94
	September	54.97	71.24	71.77	49.97	48.10
	October	56.67	68.30	72.03	51.51	48.88

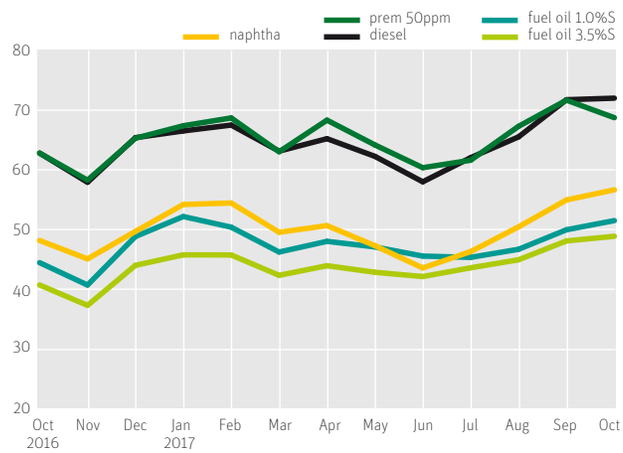
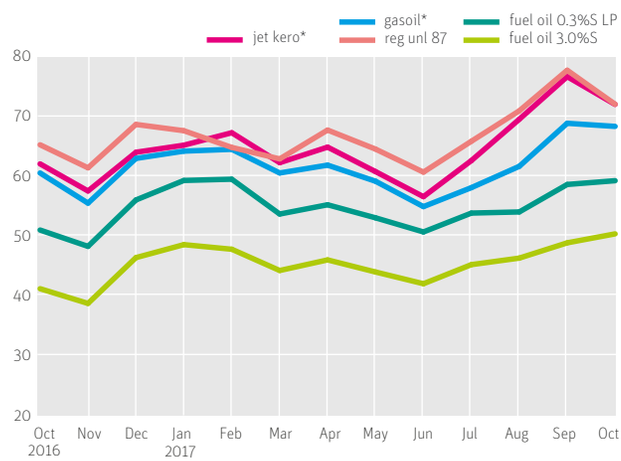


Table and Graph 5: US East Coast market — spot cargoes, New York

$/b, duties and fees included

		regular gasoline unleaded 87	gasoil*	jet kero*	fuel oil 0.3 per cent S	fuel oil 3.0 per cent S
2016	October	65.19	60.48	62.00	50.95	41.15
	November	61.34	55.44	57.47	48.22	38.69
	December	68.59	62.91	63.94	55.97	46.34
2017	January	67.54	64.13	65.12	59.23	48.51
	February	64.75	64.43	67.20	59.44	47.74
	March	62.83	60.48	62.20	53.62	44.19
	April	67.65	61.79	64.80	55.17	45.96
	May	64.47	59.10	60.71	52.99	43.94
	June	60.62	54.86	56.52	50.63	41.98
	July	65.78	58.03	62.55	53.78	45.17
	August	70.86	61.59	69.45	53.97	46.26
	September	77.64	68.78	76.57	58.56	48.81
	October	71.96	68.26	71.93	59.19	50.31



* *FOB barge spot prices.*

Source: Platts. As of January 1, 2016, Argus. Prices are average of available days.

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

$/b

		naphtha	premium gasoline unl 95	premium gasoline unl 92	gasoil	jet kero	fuel oil 180 Cst	fuel oil 380 Cst
2016	October	47.70	62.99	60.06	61.23	61.02	45.33	43.06
	November	46.82	58.99	56.51	56.84	56.63	43.90	41.68
	December	51.51	66.68	64.25	62.91	64.10	51.68	49.47
2017	January	55.71	69.47	66.77	65.15	65.17	55.05	50.47
	February	56.58	69.90	67.54	66.76	66.26	54.59	49.07
	March	50.82	64.28	61.94	62.94	61.93	50.74	45.64
	April	52.31	67.66	64.81	64.68	63.88	52.47	47.34
	May	48.71	64.40	61.68	61.19	60.82	51.58	46.01
	June	44.94	59.78	57.41	57.54	57.03	50.17	44.60
	July	45.92	61.76	59.02	61.05	59.77	50.45	45.58
	August	50.58	67.51	64.70	63.51	63.11	51.91	47.08
	September	55.20	70.43	67.55	68.49	68.08	55.73	50.55
	October	57.79	70.04	67.37	68.61	68.36	57.07	51.72

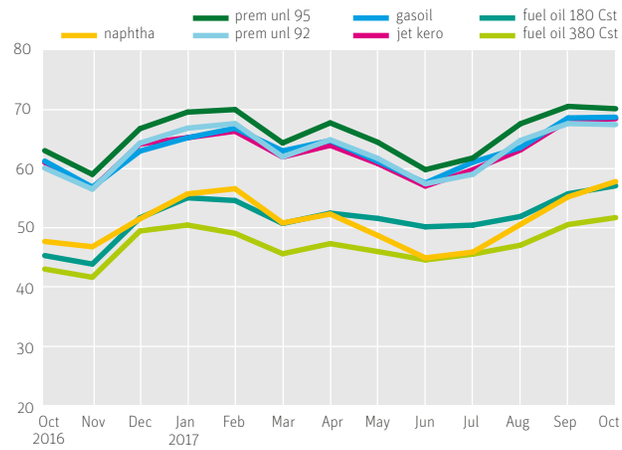
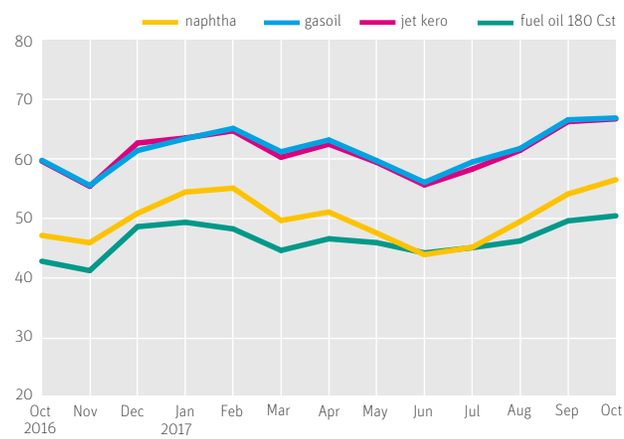


Table and Graph 7: Middle East Gulf market – spot cargoes, fob

$/b

		naphtha	gasoil	jet kero	fuel oil 180 Cst
2016	October	47.14	59.75	59.62	42.81
	November	45.93	55.53	55.39	41.24
	December	50.85	61.39	62.65	48.61
2017	January	54.42	63.38	63.50	49.35
	February	55.08	65.11	64.70	48.24
	March	49.65	61.19	60.26	44.63
	April	51.07	63.16	62.46	46.58
	May	47.55	59.70	59.42	45.93
	June	43.92	56.05	55.62	44.21
	July	45.16	59.47	58.28	45.09
	August	49.48	61.73	61.43	46.22
	September	54.09	66.55	66.24	49.59
	October	56.49	66.85	66.71	50.43



Source: Platts. As of January 1, 2016, Argus. Prices are average of available days.

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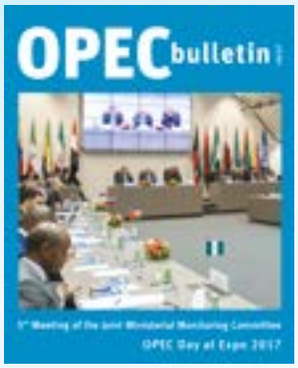

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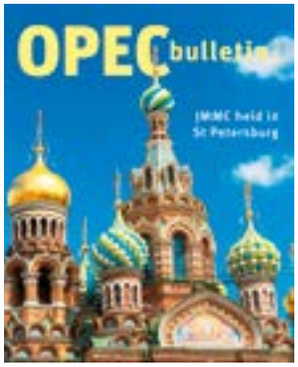

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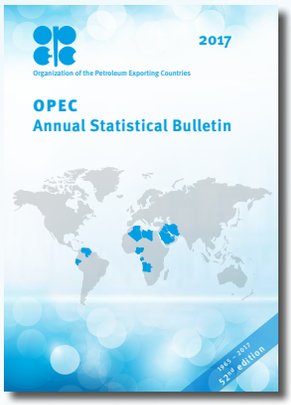

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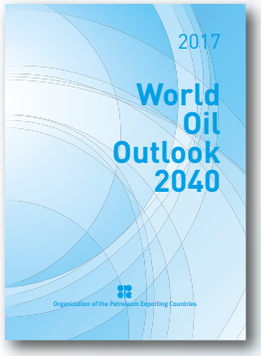

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