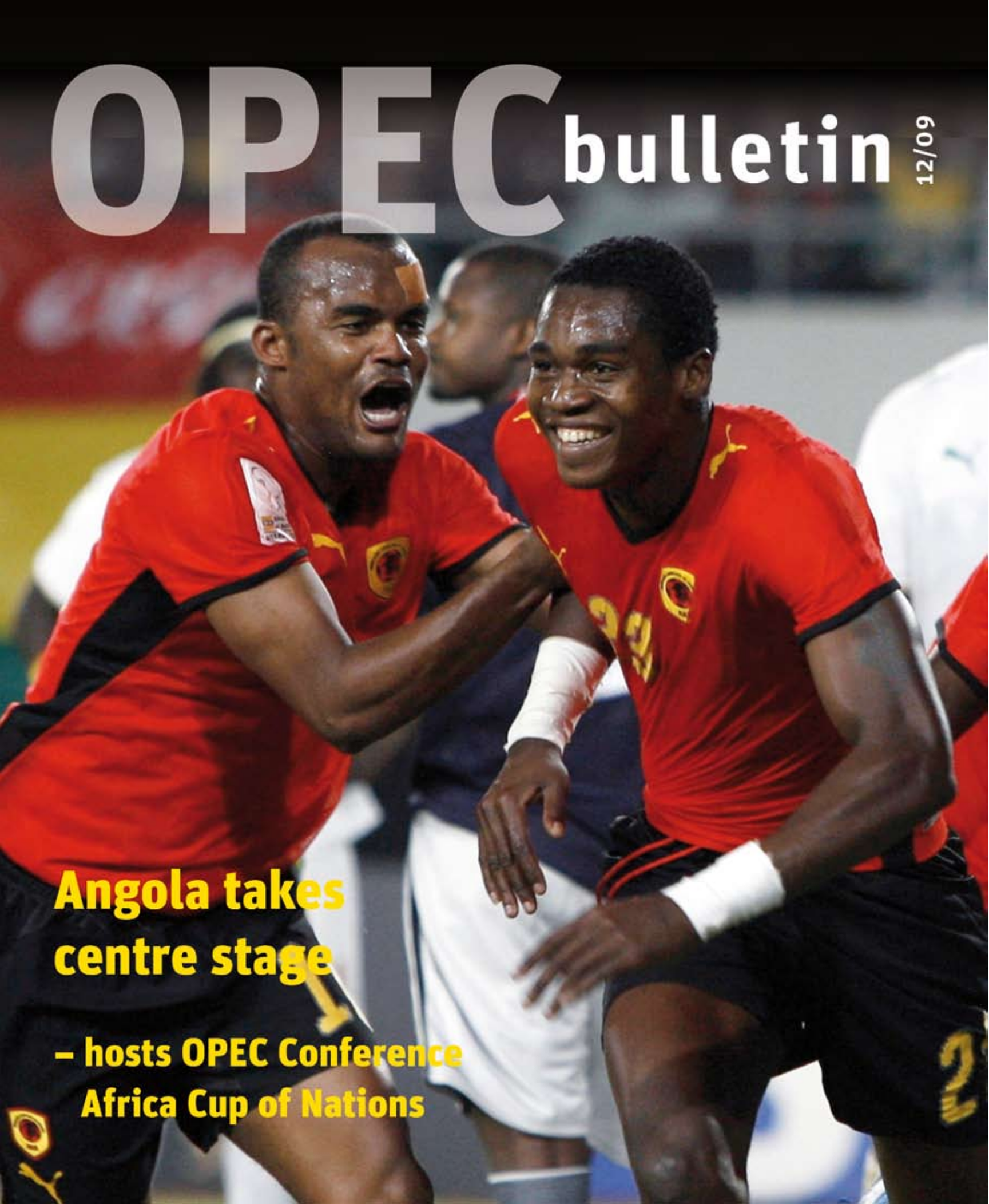
# OPEC bulletin

12/09



## Angola takes centre stage

– hosts OPEC Conference
Africa Cup of Nations

# OPEC takes broader vision to Luanda Conference



When OPEC's Ministers gather in Luanda, Angola, for the 155th (Extraordinary) Meeting of the Conference on December 22, several issues will be uppermost in their minds.

To begin with, they will be wondering how the international oil market will perform in the opening months of 2010.

By then, with the northern hemisphere winter underway, the early seasonal weather patterns will be known. In a market well supplied with crude and with inventories above five-year average levels, a mild start could be putting pressure on prices. This could be reinforced by long-range weather forecasts and influenced by speculative activity, particularly in the futures markets.

If, on the other hand, severe wintry weather has set in, or is seen as imminent and enduring, then this could present a very different picture of market prospects for the near term and help support prices.

The Ministers will also be reviewing what is happening in the world economy. In recent weeks, there has been a marked improvement in the outlook, exceeding many expectations of just a few months earlier. This has been especially the case in the non-OECD world, while many industrialized countries are, at the same time, finally emerging from recession.

Thus, in reassessing its decisions, OPEC will have to find a balance between what is happening in the oil market at the present time and the outlook for the world economy in the following months and through 2010.

Much will depend on the weather and on perceptions of economic and related developments, including reform of the global financial sector.

Above all, it will call upon the judgement and expertise of OPEC itself to evaluate the situation, benefiting from its experience of direct involvement in the oil market stretching back almost half a century, as the Organization stands on the threshold of its Golden Anniversary year.

Many OPEC officials will arrive in the tropical heat of Luanda after making the long trip south from the Nordic cool of Copenhagen. The events themselves contrast vividly too, with OPEC's Meeting focusing on oil market activity and the Danish meeting hosting what may turn out to be a seminal round of the United Nations-sponsored multilateral climate change negotiations.

However, the two events are also closely related.

That is why OPEC delayed holding its 155th Conference until after the Copenhagen meeting.

It is more than just the case of what may or may not be agreed in Copenhagen. At the time of writing this commentary, it was widely felt that reaching a post-Kyoto deal may have to be deferred to a later date.

It is also the fact that the latest climate change negotiations — both the event itself and, equally importantly, the build-up to it — have been prompting much soul-searching and crystallising of positions on climate change issues and response measures right across the globe.

Things have moved forward in many ways — economic, political, scientific and technological — since the formulation of the Kyoto Protocol in 1997, even though the fundamental principles and obligations remain the same.

For policymakers in the oil sector, it has been important to pick up the signals, however, faint, about how countries throughout the world today prioritize the energy challenges for the coming decade, accommodating the three themes identified by our own Heads of State and Government at the Third OPEC Summit in 2007 — stability of global energy markets; energy for sustainable development; and energy and environment.

This will help oil producers formulate their investment strategies for the timely and adequate provision of production capacity in the future. This is vital for an industry with huge upfront capital outlays and long lead times.

And so, while this month's Extraordinary OPEC Conference in Luanda, the last for the year, is concerned primarily with short- to medium-term developments in the oil market, the Ministers recognize that they can best address these by having a clearer, broader vision of the way ahead for the industry well into the future.

However, that is not the end of it for the authorities in Angola.

Shortly after the oil business is completed, their attention will be focused fully on football. For, in January, Angola will host the African Cup of Nations, a football fiesta that unites Africa, as the continent's top 16 national teams vie for honours.

As Angola's national oil company Sonangol puts it, this tournament "provides an opportunity for the country to demonstrate its increasing confidence and stature, both within Africa and as a member of the global community."

How true for both business and sport!

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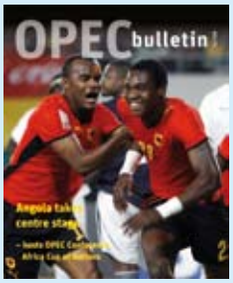
# OPEC bulletin




**Cover**
*This month's cover shows Angolan soccer stars, who will be hoping to lift the 2010 Africa Cup of Nations trophy (see feature on p48).*
*Photo: Reuters.*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**Publishers**
**OPEC**
Organization of the Petroleum Exporting Countries
Helferstorferstraße 17
1010 Vienna, Austria
Telephone: +43 1 211 12/0
Telefax: +43 1 216 4320
Contact: The Editor-in-Chief, OPEC Bulletin
Fax: +43 1 211 12/5081
E-mail: prid@opec.org

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

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**Editorial staff**
**Editor-in-Chief**
Dr Omar Farouk Ibrahim
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# Angola

## hosts 155th OPEC Conference

By Keith Aylward-Marchant

Angola, OPEC's newest Member Country, will host a Meeting of the OPEC Conference for the first time on December 22.

This will be shortly before the third anniversary of the south-central African state joining the Organization on January 1, 2007. The 155th (Extraordinary) Meeting will also be held at the most southerly point that the OPEC Conference has ever met.

Indeed, many OPEC officials will arrive in the tropical heat of the Angolan capital, Luanda, after making the long trip south from the latest round of climate change negotiations in Copenhagen at the start of the northern European winter.

When OPEC's Conference last convened in Vienna on September 9–10, the Ministers noted signs of economic recovery. However, they expressed concern about the size and pace of this recovery and its effect on the oil market. They also saw how crude oil prices had continued to strengthen from the lows experienced late last year, even though the market was still very volatile.

This time, with the early seasonal weather patterns already known in a market well-supplied with crude and with inventories above five-year average levels, they will have a clearer picture of market trends.

### Emerging from recession

There has also been a more positive outlook for the world economy, exceeding the expectations of just a few months ago. This has been especially the case for the non-OECD world, while many industrialized countries are finally emerging from recession.

However, doubts remain about the dynamics of the recovery. These include secondary phases of economic

Angolan Embassy, Vienna


*Left: President of the OPEC Conference and Angolan Minister of Petroleum, José Maria Botelho de Vasconcelos (l), who will host the 155th (Extraordinary) Meeting of the OPEC Conference. Pictured here with OPEC Secretary General, Abdalla Salem El-Badri.*

downturn, rising unemployment, possible reductions in stimulus measures, the weak, fluctuating dollar and slow progress with much-needed financial reforms.

Nevertheless, OPEC will be encouraged by the fact that oil prices have continued to strengthen and are now $7 or $8/barrel higher than three months ago. This has been good news for investment in production capacity and future supply. Already some postponed projects have been started up again in Member Countries.

Therefore, when OPEC reviews its existing market-stabilization measures, it will try to find a balance between what is happening in the oil market now and the outlook for the world economy in the coming months and through 2010. But, with so much uncertainty around, the market is still fragile and there is continuing concern about a return to the volatile conditions witnessed last year.

The Conference is also expected to address the issue of non-OPEC support for its market-stabilization measures, since there has been little evidence of this recently. OPEC believes that all parties should contribute to market order and stability, since all parties benefit from it.

In addition to this, the news from Copenhagen will be fresh in the minds of many delegates and will be reviewed carefully by the Conference. While it will relate to longer-term issues, it will nevertheless, even at this stage, help oil producers formulate their investment strategies for the timely and adequate provision of production capacity in the future. This is vital for an industry with huge upfront capital outlays and long lead times.


*Top, above and left: Views of the capital, Luanda, which will be hosting an OPEC Conference for the very first time.*

# Angola takes to the stage

While oil remains the backbone of Angola's economic development, there's a lot more to the African nation than hydrocarbons, writes the OPEC Bulletin's **Steve Hughes**.


*These two pages show the Barra do Kuanza/Mangrove area of Luanda. Inset, crude oil and diamonds represent Angola's most important exports.*

It seems that everyone wants a piece of OPEC's newest Member, the Republic of Angola, these days. US Secretary of State, Hillary Clinton; Norwegian Foreign Minister, Jonas Gahr Stoere; South African President, Jacob Zuma; and Brazilian oil company, Petrobras, are just a few of the parties that have swarmed like bees around honey in recent months, eager to boost their economic relations with the African nation. And then there are the country's links with energy hungry China, which reportedly imports more of its oil from Angola than from any other country, and which is believed to have proffered more than $5 billion in oil-backed loans to help rebuild Angola's infrastructure. As the newswires are increasingly fond of reporting, Angola is "widely seen as an emerging economic powerhouse."

Crude oil was discovered in Angola's onshore Kwanza (Cuanza) Valley in 1955 and offshore in the coastal enclave of Cabinda in the late 1960s. By 1973, oil had become Angola's principal export and, in recent years, the country's oil industry has gathered momentum with the energy of a gushing geyser. The discovery of vast deep-water resources means that oil remains the backbone of the country's economy. Proven crude oil reserves were an impressive 9.5 billion barrels, stated OPEC's *Annual Statistical Bulletin* (ASB) of 2008, but the state-owned *Jornal de Angola* recently reported that the country had some 13.1bn b of oil in reserves, according to *Reuters*. OPEC's ASB 2008 also stated that Angola was producing more than 1.8 million b/d of crude.

The country joined OPEC in January 2007 and during 2009 Angolan Minister of Petroleum, José Maria Botelho de Vasconcelos, held the Presidency of the OPEC Conference, further drawing attention to his country's remarkable rise. The importance of oil to this African nation is not about to wane any time soon; industry officials have recently been reported as saying that crude production could increase by as much as two-thirds over the next five years *(see news feature on page 28)*.

*Further examples of the splendid views on offer in Angola.*


Angola, however, is no one trick pony. Major diamond reserves located in the north-east of the country contain some of the most dazzling, finest quality stones in the world — something that makes Angola reportedly the fifth biggest diamond producer, worldwide. The country is well-endowed with other natural resources too, including iron ore, phosphate, marble and granite. Such mineral wealth has added to Angola's ability to weather the current turbulence in the global economy; Economy Minister, Manuel Nunes Junior, was recently quoted as saying he expects the country's GDP to grow by 8.2 per cent in 2010, bolstered by the non-oil sector.

The spoils of the country's impressive economic performance look set to be well cared for — it was recently reported that Angola is mooting the setting up of a new sovereign wealth fund to manage its oil revenues, which

it expects to rise to more than $16bn in 2010. Such a fund may be based on a tried and tested Norwegian-style model — something that would help the African nation contend with the unpredictable ups and downs of the oil price seen in recent years.

Angola is a country of contrasts. Its coastline of white beaches snakes for some 1,650 km along the Atlantic Ocean, its interior is made up of both desert and savannah, with hardwood forests in the north-east. Its numerous national parks are home to endangered animal species, such as the giant sable antelope, and its steaming hot cities (including the capital, Luanda) throng with vibrancy. This diversity offers much for visitors, and the tourism sector, although in its infancy, is expected to grow in the years to come.

But things have not always looked so rosy. Angola's long drawn-out civil war lasted until 2002. Over 27 years, it devastated Angola's social and economic infrastructure. When the *OPEC Bulletin* interviewed the former Petroleum Minister, Desidério da Graça Veríssimo e Costa, as Angola joined OPEC, he said the country was not able to breathe until the war ended. It adversely impacted all aspects of society, he explained, and brought the country to a standstill. Before this, a war of independence against Portuguese colonial powers was similarly disruptive to social and economic development. Angola gained independence in 1975.

Today though, the country's population of 17.5 million (made up of many ethnic groups, including Ovimbundu, Kimbundu and Bakongo) has a more stable environment in which to face the future. It does so amid a rich culture tied to the traditions of the Bantu peoples that has endured the country's history of conflict. Portuguese is Angola's official language, but six of the Bantu languages spoken by the large majority of the population are national languages. Music — especially Kizomba, a fusion of genres from the French islands of the Caribbean — remains important to all, and younger Angolans practice Kuduro, a mixture of Kizomba and techno music.

Traditional Angolan arts play an important part in cultural rituals, marking passages such as birth or death, childhood to adulthood, and the harvest and hunting seasons. Masks and other items are produced from bronze, ivory, wood and ceramics, and the ceremonial use of masks is accompanied by music and storytelling. Literature is similarly important, and helped to focus anti-colonial resistance on the independence struggle. The works of Angola's most famous poet, Antonio Agostinho Neto, centred on themes of freedom, have been translated into many languages. He was also the country's first President.

In the coming weeks, two important events will mark Angola's increasing presence on the world stage. The first is the 155th (Extraordinary) Meeting of the OPEC Conference, is set to take place in the new, multi-million dollar Centro de Convenções Talatona (CCTA) complex, in Luanda on December 22 *(see Commentary and story on page 4)*. The event is one of the most important international assemblies ever held in Angola.

In January, Angola will also host the African Cup of Nations (CAN), a football tournament that unites Africa as its top 16 national teams compete for the right to be called Africa's best. The talents of some of the best known sportsmen in the world, such as Chelsea's Didier Drogba and Michael Essien; Emmanuel Adebayor of Manchester City; Samuel Eto'o of Inter Milan; and former Manchester United striker and native Angolan, Mateus Alberto Contreiras Gonçalves, better known as Manucho, will be on display. Angola has constructed four new stadiums for the games, as well as building hotels and improving infrastructure for the fans and teams alike. Much of the country appears to be holding its breath for the tournament, and as Universo, the international magazine of Angola's national oil company Sonangol points out, the event is about much more than just football:

"The CAN provides an opportunity for the country to demonstrate its increasing confidence and stature, both within Africa and as a member of the global community," it says. *(See feature on CAN on page 48)*.

*OPEC Secretary General, Abdalla Salem El-Badri (l), made an official visit to Angola in 2007, soon after the country joined the Organization. He is seen here with former Petroleum Minister, Desidério da Graça Veríssimo e Costa.*

# OPEC moves into state-of-the-art Secretariat

By Keith Aylward-Marchant

# Out with the old ...

The OPEC Secretariat moved into its new state-of-the-art building in the centre of Vienna at the end of November.

The move went smoothly and efficiently, after more than two years of meticulous planning and hard work by the Secretariat, the Austrian authorities and local companies.

The new headquarters, at Helferstorferstrasse 17 in the city's first district, opened its doors for work for the first time on Monday, November 30.

Staff members could then explore the building, settle into their new offices and familiarize themselves with a working environment that would be uniquely theirs for years to come.

They had been preparing for months for this first relocation of the Secretariat in over three decades.

This saw them sifting through cupboards, drawers, boxes, files, paperwork and other bric-à-brac that had accumulated in offices, meeting-rooms, storerooms, tearooms, corridors and other areas over many decades, often predating the staff members involved. On top of this was the special attention given to the library, TV studio and IT facilities.

What was remarkable to longer-serving staff members was not so much the amount of goods that had to be transferred to the new building, but instead the large quantity that could be disposed of at Obere Donaustrasse 93 in Vienna's second district, which had been the home of the Secretariat since March 1977.

This led to a huge sigh of relief, as everyone relished the opportunity of a new start.

There was also the fun of reliving memories of the past with chance discoveries of old papers, photos, objects and other items during the sorting process.

Geographically, the move did not involve a long journey. The distance between the two buildings is less than 800 metres, as the crow flies, and requires crossing only one natural landmark, the Danube canal, which divides the first and second districts.

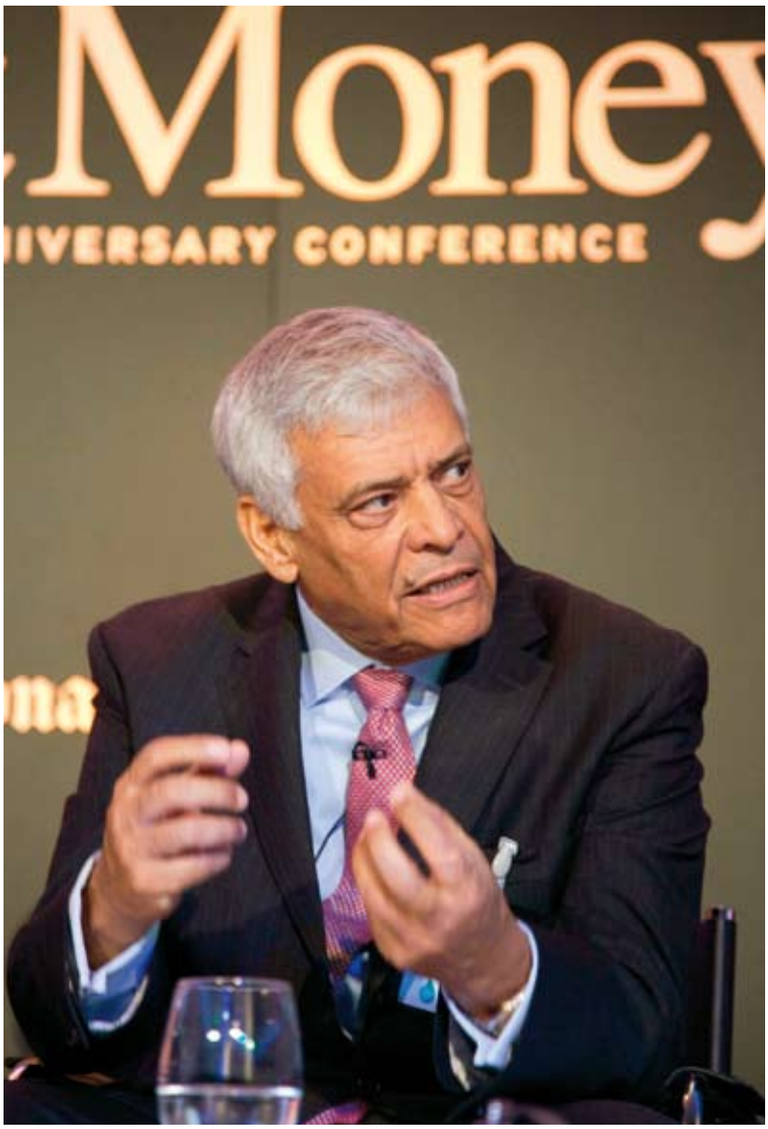
For readers familiar with the historic city of Vienna, the new Secretariat is on the corner of Helferstorferstrasse and Wipplingerstrasse, close to Schottenring and between the traditional redbrick façade of the old stock exchange and the modern glass-panelled exuberance of the Faculty of Law of Vienna University. It adjoins another new building, the 'House of the European Union', which itself was officially opened on October 16.

*Pictured right are activities at the former Secretariat at Obere Donaustrasse 93 as it was being cleared for the move to the new premises (pictured left).*



Oil & Money
THIRTIETH ANNIVERSARY CONFERENCE

# Reflections and future actions




*OPEC Secretary General, Abdalla Salem El-Badri.*

***James Griffin** reports from this year's 30th anniversary Oil & Money conference held in London on October 20–21. An occasion that not only offered up some sombre reflection on events of the past year, but also interesting discussions about the industry's pressing challenges, the possible solutions and future opportunities, as well as the positives the industry should recognize when looking back over the period from the very first Oil & Money conference in 1979.*

Thirty years ago, Margaret Thatcher became Britain's first female prime minister, Sony launched its Walkman and the first Oil & Money conference took place. While Thatcher has long since moved on and the Walkman has been replaced by a plethora of new technologies, the Oil & Money conference remains firmly in place. It has become a key conference in the industry's calendar and an important forum for productive dialogue among all industry stakeholders.

And it was evident in the very first session — the Oil Ministers' Forum — that while the industry faces challenges, as it always has, and surely always will, it has come a long way in the past 30 years, particularly in regards to dialogue and cooperation. The key observation in this regard was made succinctly in an OPEC Bulletin interview later in the day with former OPEC Secretary General, Dr Subroto. He underlined that the panelists for the first ses-

sion from OPEC and the International Energy Agency (IEA) would not have been sitting together 30 years ago, in fact even closer to the present day. In the past, he said, it was more about crossing swords than dialogue and cooperation.

On the opening panel were OPEC Secretary General, Abdalla Salem El-Badri, and the Executive Director of the IEA, Nobuo Tanaka, flanked by moderators Nordine Ait-Laoussine, President, Nalcosa SA, and former Energy and Mines Minister of Algeria, and Dr Alirio Parra, Director, CWC Associates, and former Minister of Energy and Mines of Venezuela. And while the two panelists obviously did not agree on everything, there was a general feeling of conviviality, as they debated key issues and set the scene for the next day-and-a-half in an open and friendly manner.

The importance of cooperating to develop an understanding of all and to promote and push for market stability was reinforced by various parties over the following sessions. And given that much of the conference chatter was about just how much the industry and global economy had shifted over the past year, as well as the impending Copenhagen climate change conference, it has perhaps never been more important in the conference's 30-year history.

## The market today

Speaking first, El-Badri underscored the need to look at a complete oil market picture. He said it was important to realize that "there are many causes behind what we have seen in the market over the last few years — and they are all inter-related. You cannot tackle one issue, without tackling the others."

He returned to the period from mid-2003 to mid-2007 to highlight that this was a time of steady oil demand growth, specifically in developing countries, a time when OPEC increased its production by around six million barrels/day, and a time that saw a steady upward movement in prices. He added that this was a period that went relatively smoothly.

Since mid-2007, however, he said that extreme volatility had taken over, with prices hitting $147/b and then falling to just over $30/b, despite there being plenty of oil in the market and stock levels being above average. While El-Badri acknowledged that higher equities and the weaker dollar have contributed to oil's rise since the early part of this year, he was clear on his views regarding the role of speculation, particularly when analyzing the massive growth in the paper market and the speculative investments flowing in and out of the futures markets when prices rose rapidly from mid-2007.

In this regard, while stressing that the market cannot avoid speculation, he emphasized the importance of having some form of guidelines to reduce volatility. "I am not an advocate of banning speculation, but they should not be going wild," he said.

The point was picked up on later in the day by a number of speakers, including Libya's Chairman of the Management Committee of the National Oil Corporation, Dr Shokri M Ghanem, who underlined the main problem associated with such movements. "Of course it makes planning very difficult for national oil companies, international oil companies and even for governments of exporting countries," he said. "This is the most troublesome problem that we have now because when the price is up so many projects are planned, and then the price goes down you have to scrap most of these projects, and this leads to the speculative situation of boom and bust."

*On the opening panel are: OPEC Secretary General, Abdalla Salem El-Badri (second right); Executive Director of the International Energy Agency, Nobuo Tanaka (second left); flanked by moderators Nordine Ait-Laoussine (r), President, Nalcosa SA, and former Energy and Mines Minister of Algeria; and Dr Alirio Parra (l), Director, CWC Associates, and former Minister of Energy and Mines of Venezuela.*

Tanaka agreed that speculation and financial movements have played a role in the market, and energy ministers were of course concerned about volatility. Both he and El-Badri welcomed developments by the United States Commodities Futures Trading Commission aimed at curbing speculation in the futures markets.

In addition, Tanaka stressed that "we need more transparency in the market," with more data and projections to give a "clear understanding of what is happening in the market and to help the market function better." Over the next day-and-a-half, there were a number of further mentions of the importance of data issues, and particularly the role played by the International Energy Forum (IEF), the world's largest recurring gathering of energy ministers, and the Joint Oil Data Initiative (JODI), aimed at advancing data transparency.


*L–r: James J Mulva, Chairman and Chief Executive Officer, ConocoPhillips; Jakob Thomasen, CEO, Maersk Oil; Dr Shokri M Ghanem, Chairman of the Management Committee of the Libyan National Oil Corporation.*

## Demand and supply perspectives

As would be expected, there was also much discussion between the two panelists on security of supply and security of demand, and of course, how prices link into these issues.

On the supply side, El-Badri said that "as far as OPEC is concerned we are ready — we have 6–7m b/d of excess capacity … we can put this in the market at any time." He stressed, however, that maintaining that spare capacity has a price and OPEC's idle fields come at a much higher cost than the price tag of maintaining capacity in a strategic petroleum reserve.

He added that the Organization's Member Countries are also investing, with around "150 projects to significantly increase both crude and NGLs capacity." Here, he acknowledged that in the wake of the financial crisis, the subsequent lower demand forecasts, and the low prices earlier this year, around 35 projects had been postponed, but he had recently been informed that seven of these projects are now back on track and are expected to be completed by 2013.

On the subject of price and investments, he stressed that a price of $60–$70/b "does not permit investment" as non-conventionals and offshore developments, particularly, require a higher average. But he was optimistic that more money would be spent by Member Countries on further capacity projects, provided there is a fair price and the Organization gets a view of future demand. The latter concern was further elaborated on by El-Badri, who said that "we are ready to invest, but we cannot invest billions if we do not know what happens to demand … you cannot have new policies to reduce demand, and at the same time ask OPEC to invest in new capacity. These two things do not go together."

In response, Tanaka was keen to iterate that he is not

*Dr Subroto (l), former OPEC Secretary General and Member of the Board of Commissioners, PT Medco Energi Internasional Tbk; Herman Franssen, President, International Energy Associates.*

against oil, "we need oil, demand for oil will increase," even with policies focused on energy efficiency and climate change. He said that even in a widely agreed scheme by energy ministers of the IEA's 28 countries — plus China, Russia and India — to cut global emissions to 450 parts per million (ppm) by 2030, OPEC would still be required to add 11m b/d of oil by then.

He agreed with El-Badri that a certain price level was necessary for investors to invest. He added, however, that given the current economic climate this should also be at a level that does not impact the global economic recovery, a point on which El-Badri agreed.

## The economy

Naturally, given the shifts in the global economy and the reduction in oil demand over the past year, the prospects for both were a central topic of many discussions. In fact,

the intertwined issues were the specific focus of one session, with Edgard Habib, Chief Economist at Chevron Corporation, and Christof Rühl, Chief Economist at BP, debating the when, where, how and why questions.

On the economy, their views certainly appeared more optimistic than those projected by many observers only six months ago. But it was evident that they felt a number of economies, particularly those in the developed world, still had many steps to climb on the path to recovery, and that these steps could be both slow and bumpy.

Habib talked of a "subdued recovery" for OECD economies, and while Rühl said "we are seeing some strength in the economy right now," he stressed that "it has the nature of a bounce." He said that in the OECD, the recovery is based on two things, "the inventory cycle, which normally lasts between 12 and 18 months and then all the public money that has been spent." Given the large deficits being run up in these countries, he added, "I think you have to say it will be a sluggish recovery."

This also played out in their thoughts on the diminishing role for OECD countries in oil demand. "Virtually all oil demand growth is coming from the non-OECD economies," Rühl noted. And this, he said, had been true since the start of the century. "The world is growing at two speeds," Habib stated, the "recovery is more subdued in the west, more robust in the east." He underlined that the rising Asian middle classes would have significant consequences for oil demand.

Looking further ahead, Habib talked of a "new normal" period that will see a decade of demand management, with greater medium-term government participation in oil markets, as well as the economy. Rühl did not disagree, but was keen to highlight the growing importance of the environmental challenge, stating that it is not possible for an oil company chief economist to talk about the oil market without discussing climate change policies.

## Climate change

Copenhagen, the coming carbon economy, and what it means for oil and gas were evidently on the mind of many presenters and delegates. This included talk of various carbon stabilization scenarios and what would be required for each, the role of developed and developing countries post-Kyoto, and discussions on carbon taxes and carbon trading regimes.

While there was a clear recognition of the importance of reducing emissions, and that alternative energies will play an increasingly greater role, there was also an understanding that fossil fuels will continue to play the greatest role in the future energy mix. Tony Hayward, BP's Chief Executive Officer, stressed that his company estimated that by 2030 fossil fuels "will still be satisfying about 80 per cent of our energy needs." And set alongside this, he said that BP's projections suggest "we will need about 45 per cent more energy in 2030 than we consume today."

With this in mind, he said, "in the realm of alternatives, it is dangerous to promise too much too soon." He advocated realism "because the transition to a lower-carbon economy will not happen overnight. The sheer scale of the energy industry makes this impossible … we need to focus on being able to deliver a secure and sustainable energy supply in the coming years."

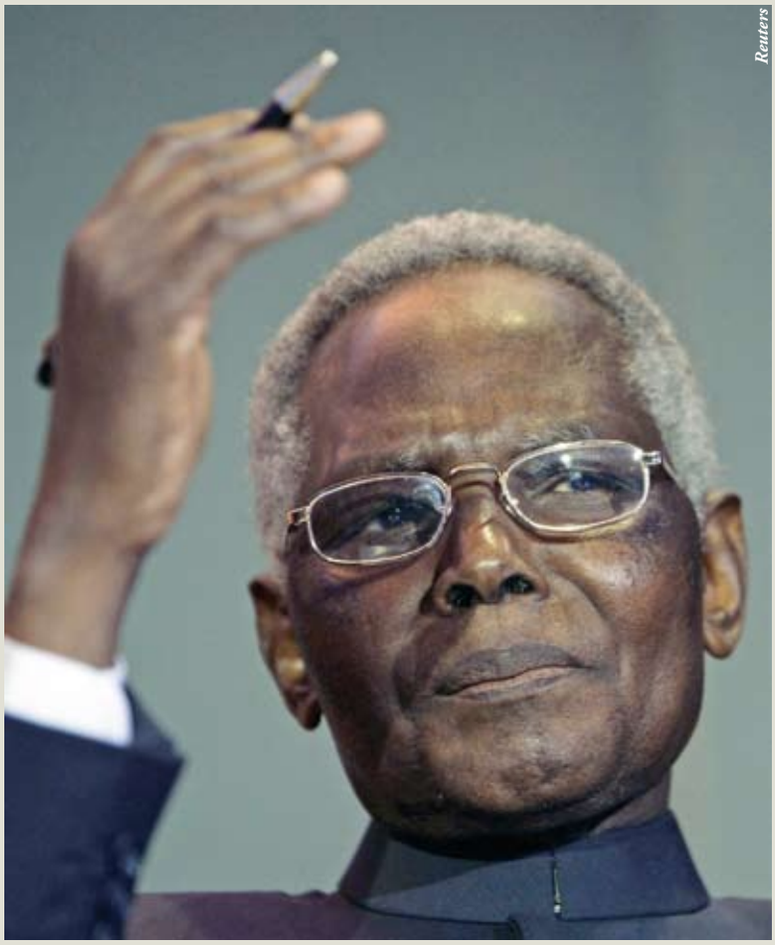
This was echoed by many speakers, albeit from different standpoints, with Tanaka elaborating on the 450 ppm stabilization scenario, and the importance of a combination of energy efficiency, renewables, nuclear and carbon capture and storage. And El-Badri, who underscored the importance of Copenhagen to the whole world, said with this in mind that "everybody must feel they are getting something from an agreement." Developing countries, he stated, wanted sustainable economic development and to ensure a positive outcome for all. In this regard, technology transfer to help developing countries control their growing emissions, in return for a broad accord, was crucial.

As El-Badri stated in a recent blog on the COP 15 (Copenhagen) website, "agreements reached should be comprehensive and balanced, taking into account the past, present and the future; the fulfilling of current commitments; and the needs of those least able to help themselves."

## Furthering cooperation

The day-and-a-half was very much about enhancing dialogue and cooperation, whether that was developing a better understanding of various parties, working together, or just catching up on the key industry news and developments. And given one look at the months and years ahead, there was plenty for participants to reflect on, digest, take on board, or disagree with, and if necessary act upon. While Thatcher's prime ministership and the Walkman have been consigned to memories, the Oil & Money conference continues to go from strength-to-strength. It is a clear sign that the industry remains strong and robust, and ready to meet both the challenges and opportunities in the years ahead.

*Photographs courtesy Energy Intelligence.*


Reuters

# Lukman:
## connecting generations

Given that the Oil & Money conference was celebrating its 30th anniversary, the first session of the second day was devoted to the theme: 'Then and now'. A time to reflect on happenings from the past, to discuss how events had brought the industry to where it is today and how present developments could impact the future.

The forum consisted of various oil industry dignitaries. This included former OPEC Secretary Generals and Acting Secretary Generals, OPEC Conference Presidents and former national oil and energy ministers of both OPEC and non-OPEC countries. With years of experience and wisdom between them, there was much for them to address, elicit and discuss.

It was evident that, despite their long industry histories, all of the panelists were in one way or another still actively involved in the industry, the majority in advisory or consultancy roles. However, only one of them could be bracketed as being in the top echelon of his country's oil industry when the Oil & Money conference began in 1979, and 30 years later. The man in question is Nigeria's Dr Rilwanu Lukman *(pictured above)*.

### *A career spanning three decades*

Thirty years ago, Lukman was General Manager and Chief Executive Officer of the Nigerian Mining Corporation. Today, he is Nigeria's Minister of Petroleum Resources.

In addition, he has also taken in stints as President of the OPEC Conference, OPEC Secretary General, Nigeria's Minister of Mines, Power and Steel and the Minister of Foreign Affairs. It is a high-level career that connects generations.

In looking at the past, Lukman said the industry had come a long way over the preceding 30 years and he was particularly keen to pinpoint the evolution of the producer-consumer relationship from one of "confrontation to one of cooperation leading, as we know, to the formation of the International Energy Forum."

He recalled a time when conference organizers would put the OPEC Secretary General and the head of the International Energy Agency on the same panel "to give each other a good fight." This, he said, has completely changed as stakeholders realized that cooperation is essential if they are to help the oil and gas industries generally, and of course assist the international economy, by bringing about market stability and helping limit the vagaries of oil market fluctuations.

## *Today and the future*

This, of course, is very relevant to the present day, given the economic and industry developments of the past year, the climate change conference in Copenhagen and the evolving relationships between national oil companies and international oil companies, all of which were touched on by Lukman.

From an economic viewpoint, he stated that global economic growth and stability are extremely important for oil-producing countries, particularly given that many of these countries were the first victims of the recent financial crisis. And linked to this, he said, is the healthy evolution of the oil market, with Lukman making a direct reference to the growth in the futures market that "has intervened robustly in affecting the evolution of the market to the extent that we cannot always simply talk about fundamentals." While he recognized that the futures market was a necessary phenomenon, he stressed the need to temper the volatility, to aid the healthy evolution of the oil industry, as well as the global economy.

He stressed that in Copenhagen it was essential that countries get a better understanding to prepare for the future, so that they do not get taken by surprise. From an oil industry perspective, he added, this is tied up with the question of security of supply for consuming countries and the other side of the coin, security of demand for producing countries. These, he said, had to go "side by side".

Looking to the future, Lukman stated that while countries should look at alternative forms of energy, it is important to realize that for the foreseeable future the global economy will continue to rely on fossil fuels for the majority of its energy use. Thus, "we might as well work together to see how best this can be done in the interests of the international economy." And, he added, OPEC stands ready and is prepared to cooperate in this regard to support whatever measures are needed to encourage the development of a strong and robust global economy.

Of course, these issues all feed into the main focus of Lukman's current role: the healthy expansion of Nigeria's oil industry. And on this topic, Lukman, was keen to point out that the industry had seen numerous developments and initiatives in recent months.

He initially highlighted the new *'Petroleum industry bill',* which, he said, has had its first and second readings in Nigeria's National Assembly. He said that legislators are now in the process of putting together all the views and opinions and the submissions that have been made by the various stakeholders, in order to arrive at a viable law that will stand the test of time. He added that the country has had to do this "because our laws are many years old, many of them are out of date and need to be reconfigured to make them more in keeping with the best international practice and to evolve a governance system that will be accountable and transparent, so that our people will know exactly what has happened to this major resource."

In addition, he underlined that Nigeria's President, Umaru Musa Yar'Adua, has instituted an amnesty programme for militants in the Niger Delta. The programme that calls for disarmament, demobilization and reintegration of the militants into society is already having a significant impact, and Lukman is hopeful that there will be continued peace in the region. He said it is important that a solution is crafted that allows oil-producing communities to "benefit directly from the development of these resources," and in turn, allow the industry to embark on "the path of developing our resources in a more businesslike fashion."

After many years at the top, Lukman is a man still in demand, not only for his insights into the past and the present, but also to the future. And this is particularly true for his home country. Lukman is bringing his years of global experience, as well as hard work and commitment, to fashion solutions to the challenges facing the Nigerian oil industry.


*Workshop participants visited one of the $CO_2$ injection wells at Krechba during their tour of the In Salah gas fields.*

# Algeria hosts first OPEC workshop under IEA-GHG programme

By Jerry Haylins

OPEC has successfully organized its first event under the umbrella of the International Energy Agency (IEA) Greenhouse Gas Research and Development Programme (GHG), which the Organization signed up to in December 2007.

A Workshop for scientists and professionals in OPEC Member Countries, held in Hassi Messaoud, Algeria, on November 16–20, focussed on carbon capture and storage (CCS), especially the latest advancements made in the ground-breaking process.

OPEC, which, in the climate change debate, sees CCS technology as representing one of the most significant methods for dealing with harmful carbon dioxide ($CO_2$) emissions, joined the IEA's GHG programme to enable Member Countries to participate more in global R&D collaboration efforts.

By joining the programme, which focuses its efforts on studying technologies to reduce all greenhouse gas emissions, OPEC and its Member Countries have access to all the studies conducted and


*Left: The opening session, comprising the workshop's main speakers.*


*Right: Pascal Audigane, a lecturer from France, gave a presentation on Modeling — assessing the long-term fate of $CO_2$.*

*Left: Participants attended numerous technical sessions which were held over the four days.*

reports issued on the subject and can use the services of the programme to carry out specific OPEC-defined activities.

The workshop in Algeria was the first such activity dedicated to OPEC Member Countries. Delegates looked at all the various aspects of latest CCS technology, including capture, pressurization, transportation, injection and the long-term monitoring of injection sites. The relevant economics, as well as legal and public awareness issues, also formed part of the discussions.

Delegates from six OPEC Member Countries — Algeria, Iraq, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates (UAE) — attended the workshop, which featured a series of presentations on varying subjects to do with CCS technology and processes conducted by instructors arranged under the GHG programme.

Over the four very busy days, 21 presentations were made in 11 sessions, in addition to break-out sessions held towards the end of each day.

Dr Taher Najah, Downstream Oil Industry Analyst, Energy Studies Department, who represented the OPEC Secretariat at the workshop, pointed out that when the Organization joined the GHG programme its conditions of membership opened the door to staging such events periodically.

"Algeria came forward to offer to host this first OPEC event under the GHG initiative, which was an obvious

*Gas treatment plant at the Krechba gas field.*

*$CO_2$ injection well — one of three at Krechba.*


*Right: Monica Lupion, an instructor from Spain, who gave a technical session on $CO_2$ pre-combustion capture IGCC.*

choice, given its pioneering In Salah CCS project," he said.

The IEA established the GHG programme in 1991. Through its various deliberations, it aims to provide members with informed details on the role that technology can play in reducing greenhouse gas emissions.

The programme has three main activities:

- evaluating technologies aimed at reducing greenhouse gas emissions;
- promoting and disseminating results and data from its evaluation studies; and
- facilitating practical research, development and demonstration activities.

The programme's activities to date have covered all the main anthropogenic greenhouse gases, but the majority of the work remains focused on ways to control and reduce emissions of $CO_2$, which is considered the principal greenhouse gas.

The GHG programme currently comprises 19 member countries, OPEC, the European Commission, as well as 21 multi-national industrial sponsors. Each member pays into a common research fund and has a seat on the programme's governing board. The initiative's executive committee meets twice yearly.

The research fund is managed by an operating agent — IEA Environmental Projects Ltd — on behalf of the members. The agent is also responsible for delivering the work programme. A small project team manages technical studies, dissemination activities and research facilitation, in accordance with members' requirements.

The workshop in Algeria was hosted by the Algerian Ministry of Energy and Mines, in conjunction with the national energy company, Sonatrach. It was held at the company's base at the Hassi Messaoud oil field.

Djelloul Bensaad, Production Manager with Sonatrach, welcomed participants to the workshop, while Miloud Medjelled, Director, Ministry of Energy and Mines, officially opened proceedings on behalf of the Ministry of Energy and Mines.

Dr Najah gave an opening speech on behalf of the OPEC Secretariat, offering a brief background about the participation of the Organization in the programme, while Dr Abu Zahra, Project Manager at the IEA

*The golden sand dunes at Hassi Messaoud.*

*Seen during the tour of the In Salah gas project with other workshop participants is Dr Taher Najah (l), Downstream Oil Industry Analyst, Energy Studies Department, who represented the OPEC Secretariat.*

Greenhouse Gas R&D Programme, gave an overview of the work of the initiative.

Participants then moved to another meeting hall where the technical sessions were held. These looked at the technical, economic, political, legal and social barriers to CCS, while the growing importance of public perception to the process and the role of information in public awareness were also highlighted.

The GHG instructors covered such issues as mitigating climate change, technical options, various capture methods, transport and infrastructure needs, enhanced oil recovery opportunities, modelling, monitoring techniques, cost reduction options, demonstration projects, various case studies, health and safety considerations, and overcoming barriers to CCS.

On the last day of the workshop, Sonatrach organized a visit for delegates and instructors to the In Salah CCS project, the world's first full-scale CCS scheme at a gas field, which was launched in December 1995.

The group was given an introductory presentation about the In Salah gas scheme and the adjacent CCS project by site managers. A tour of the plants and one of the three injection wells was also arranged.

## Successful event

Commented the OPEC Secretariat's Dr Najah: "In general, the workshop was a successful event. The Ministry of Energy and Mines and Sonatrach did their utmost to ensure its success and the IEA GHG programme contributed by providing a technical programme that was comprehensive and selected the appropriate instructors."

He added that, as OPEC, in benefiting from its membership of the programme, is able to organize such an activity on an annual basis, it would be beneficial to start discussions with the IEA GHG programme early, so that options regarding the next event could be relayed to OPEC Member Countries.

*Photographs courtesy Dr Taher Najah and Sonatrach.*

# Measuring progress at the 9th Annual Statistical Meeting

*Fuad Al-Zayer (l), Head of OPEC's Data Services Department, and Mohammad Alipour-Jeddi (r), Head of OPEC's Petroleum Studies Department.*

The flow of consistent and reliable data is as important to the oil industry as the flow of investments. For the OPEC Secretariat, complete and timely data is necessary for its many research-intensive activities, on which many of the Organization's decisions are based. With a view to improving current data collection and gathering procedures, and thus improving the flow of oil data and energy statistics, OPEC has, for the past several years, invited officials and statistical experts from its Member Countries to meetings in Vienna. The Bulletin's **Alvino-Mario Fantini** recently attended the latest round of discussions.

Previously taking place under the title of 'Working party on the flow of statistics', the 9th Annual Statistical Meeting was convened this year on November 3–4. According to Secretariat officials, the new title better reflects the objectives and substance of the meeting.

In his opening remarks, Mohammad Alipour-Jeddi, Head of OPEC's Petroleum Studies Department, emphasized the importance of good, solid primary data submitted by Member Countries for the success of the Secretariat's continued work. He acknowledged the continued support of Member Countries in the gathering of such data, which is essential for OPEC's regular publications and analytical reports.

This year, 30 participants from OPEC Member Countries attended the meeting. They came from their respective country's statistical agencies and energy ministries. The National Representatives from Nigeria and Libya, Suleman Ademola Raji and Ahmed B El-Geroushi, respectively, were also in attendance.

The Chairman of the Annual Statistical Meeting, Fuad Al-Zayer, Head of the Secretariat's Data Services Department, began the meeting with introductory remarks. He elaborated on some of the outcomes of previous meetings held under the Secretariat's statistical and data monitoring umbrella. He also emphasized the contributions generated by recent official visits made by Secretariat officials to Member Countries. Al-Zayer then outlined the agenda for the two-day meeting.

While the main goal of the meeting was to arrive at a common understanding of what kind of statistical data is needed and why, the short-term objectives included improving the way data is currently obtained from Member Countries, and finding ways to improve the methodologies and tools used for the gathering and reporting of such data. The Secretariat currently uses an *Annual Questionnaire* and a monthly *Production/Supply Statement* (PSS) which are sent out to all Member Countries. At the meeting, participants were able to discus possible changes to the data collection methods with the Secretariat's Data Services Department and the analysts responsible for the questionnaires.

These questionnaires generate what the Secretariat calls Direct Communications (DC) data, which is preferable — in terms of completeness and precision — to the estimated figures that are sometimes used from so-called Secondary Sources (SS). While the latter sources of data (SS) are obtained from a range of data sources produced by other international organizations (based on combined and estimated data for exports, tanker activity, domestic crude use, etc), the former sources of data (DC) provides the best and most objectively observed data — "straight from the source," as it were.

However, as desirable as data from DC is for the research-intensive activities of the Secretariat, there are persistent problems with the data. Too often, as several of the Secretariat's statistical experts explained, the data

*Some 30 participants from OPEC Member Countries attended the latest statistics meeting.*

*Right: Ahmed B Al-Geroushi (c), National Representative for the SP Libyan AJ, and members of his delegation, Mehdi Salem Darira (l); and Ali M Imsallem (r).*


*Left: The Secretariat's Puguh Irawan (l), Statistical Systems Coordinator, and Ramadan Janan, Statistical Systems Analyst.*

*Above: Mouhamad Moudassir (l), Statistician, and Monika Psenner, Senior Statistician, both of the OPEC Secretariat.*

is incomplete, imprecise or late. For example, for the period January-September 2009, the submission rate of PSS was 98 per cent, only slightly lower than the 100 per cent response rate achieved in 2008. And during that same period, the timeliness of the responses to the PSS remained rather low at 52 per cent.

Such data problems create important uncertainties in the oil market analysis with which the Secretariat's research departments are involved. The Secretariat's analysts then often have to use data from SS in order to fill in the gaps, and generate their reports and publications (such as the *Annual Statistical Bulletin)*.

But in the long-term, however, continued reliance on SS data for maintaining regular oil market monitoring may affect the credibility of OPEC's work. That is why improving the way DC data is collected and obtained is paramount in importance for the continued integrity of OPEC's statistical and analytical work.

With this in mind, the three sessions which made up this year's Statistical Meeting provided numerous opportunities for Secretariat officials to present proposed changes and improvements to the survey forms used, as well as to provide feedback to participants on the quality of the data being generated through such DC.

After numerous important discussions, various suggestions were noted. During the second session of the meeting, participants were given an opportunity to review, table by table, the Annual Questionnaire used by the Secretariat. Based on common challenges encountered by Member Countries in the completion of the document, several suggestions were made for improvements to the Questionnaire — as well as for ways to deal with some of the difficulties faced by Member Countries in the gathering of data. The inclusion of an additional column for 'the percentage of total from associated production', for example, would help obtain disaggregated data about the amount of NGL production that is connected with crude oil production.

Other proposals, however, for improvements to the collection of data regarding NGLs and natural gas required further deliberations. It was noted that an in-depth evaluation of these areas, in terms of both technical and logistical requirements, would be needed before the next OPEC Economic Commission Board (ECB) could consider any changes to the Secretariat's questionnaires.

There was also some discussion about the possibility of harmonising the PSS with the monthly questionnaire used by the Joint Oil Data Initiative (JODI), in which OPEC is a participant. As one of OPEC's statisticians explained, there are numerous important differences between these two survey tools, both in terms of their respective objectives and the definitions used. Any harmonization of the PSS and the JODI questionnaires would first require approval from the ECB and the Conference, in the case of the former, and approval from all seven JODI partner organizations, in the case of the latter. Because of this,


*Above: Suleman Ademola Raji (r), Nigeria's OPEC National Representative, and members of his delegation, Adamu Hassan Mhya and Umar Abdullahi.*

*Above right: Haidar Khadadeh, Oil Supply Analyst, OPEC Secretariat.*

the Secretariat will have to take additional time to further assess the proposed idea.

One of the side benefits of the Annual Statistical Meeting is that Member Countries have an opportunity to give presentations on their experiences with oil-related databank management. For participants, hearing about the challenges faced by others and listening to the lessons learned in the design of national data collection systems have always been invaluable dimensions of the Annual Statistical Meeting. At this year's meeting, participants were able to benefit from presentations from Algeria, Ecuador, IR Iran, SP Libyan AJ, Nigeria and Venezuela.

After two days, the meeting concluded successfully. As Al-Zayer said during his introduction, for the sake of the quality of the Organization's work, it is hoped that the outcomes of the meeting will be acted upon and the productive momentum achieved so far maintained.

*Above: The Secretariat's Dr Pantelis Christodoulides (l), Senior Statistician; Dr Hannes Windholz (r), Databank Analyst; and Klaus Stoeger, Statistician.*

*A group picture of the delegates who attended this year's meeting.*

# Angola's oil boom

## Government to set up sovereign wealth fund

*Article compiled by Jerry Haylins*

The Angolan government is planning to set up a sovereign wealth fund next year to take advantage of higher crude oil prices it forecasts as being sustained at around $75/barrel in 2010.

The country's Economy Minister, Manuel Nunes Junior, said that with the government basing its 2010 budget on a crude export price of $58/b, the extra revenue expected from higher prices would be put into the wealth fund.

The *O Pais* weekly newspaper quoted Nunes Junior as saying: "The reference oil price of $58/b (compared with $37/b in the revised 2009 budget) remains very prudent ... next year there should be an ascending movement in oil prices — some people say oil prices should stay at around $75/b."

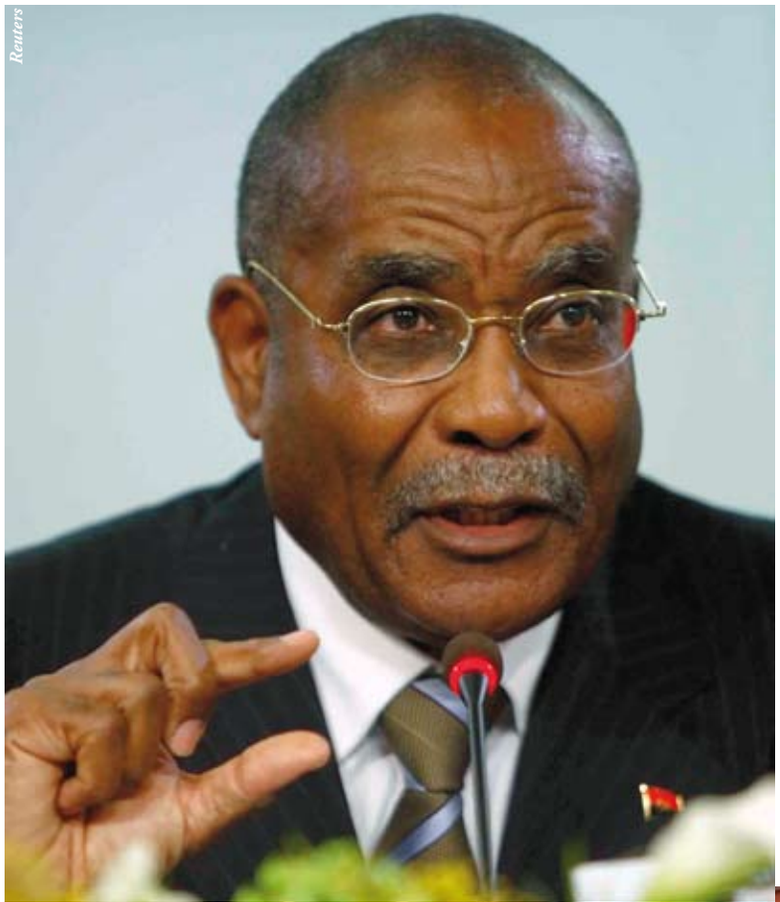
The budget expects revenues to total around $30 billion, while spending has been increased by 50 per cent to 3.9 trillion Angolan kwanzas ($45.8bn).

The country is dependent on oil for almost 90 per cent of its income from exports. In 2008, Angola earned over $67bn from its total exports, $60bn of which was attributed to petroleum. However, Angola's foreign exchange reserves have been rising — to $12.8bn in September from $12.6bn the previous month.

Angola got the idea for the wealth fund after studying a similar facility set up by Norway. This was discussed during a visit to the country by Norway's Foreign Minister, Jonas Gahr Stoere.

It is a welcome change in fortunes for resource-rich Angola, which was the scene of Africa's longest-running civil war, lasting 27 years and ending in 2002. Since peace has reigned, billions of dollars of investment, backed by Chinese loans, have been made in rebuilding much-needed infrastructure. Oil and diamonds comprise 99 per cent of the nation's exports.

The rise in projected spending in fiscal 2010 is, therefore, good news for investors, most of who




rely on government contracts to rebuild roads, bridges and other infrastructure.

The biggest slice of the new budget will be allocated to social spending, which includes education and health, with 28.1 percent of total spending.

With crude oil prices hovering at around $80/b, the government is confident that the higher oil revenues expected will help the southern African nation regain its spot as one of the world's fastest-growing economies.

Nunes Junior said Angola's gross domestic product (GDP) is expected to grow by 8.2 per cent in 2010, compared with a forecast 6.2 per cent this year.

## Increasing investment

The non-oil sector was expected to expand by around 15 per cent next year, while the oil sector's expansion was pegged at 1.1 per cent. This, said the Minister, compared with forecast non-oil growth of 5.2 per cent in 2009, while the oil sector was seen contracting by 3.6 per cent.

*Left: Angolan Petroleum Minister, Eng José Maria Botelho de Vasconcelos.*


*A number of multinational oil companies are making considerable investments in Angola to help secure the country's oil future.*

However, the country's oil industry is booming with investment expected to keep on increasing. Oil industry officials say Angola's crude oil production could increase by as much as two-thirds over the next five years.

A stable political environment and increasing security are attracting billions of dollars in foreign investment and the rate of discovery of new oil fields is outpacing many other producing countries.

Angola possesses proven crude oil reserves of 9.5bn barrels, but estimated probable deposits of 13–19bn b. It is fourth ranked out of OPEC's African members, with Algeria possessing 12.2bn b, Nigeria 37.2bn b and Libya with 44.3bn b.

Angola's crude oil output has been hovering at around 1.9m barrels/day for the last couple of months. In 2008, it averaged a little over this level.

According to a provisional loading programme released by the country, Angola will export an average of around 1.83m b/d of crude oil in January next year. This is up slightly from the 1.81m b/d expected to be exported in December.

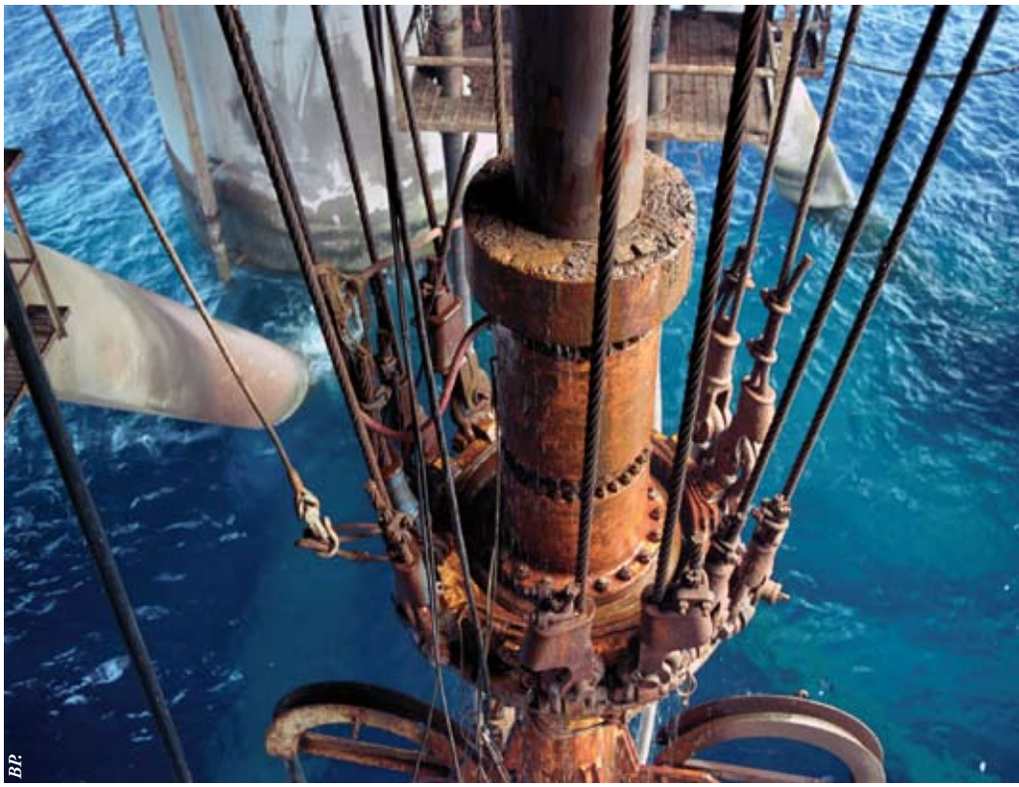
A number of multinational oil companies, including ExxonMobil, Total, Chevron, BP and Eni, all have projects coming onstream between 2011 and 2015 that could add up to 1.2m b/d of new production. Expected new developments could take the country's oil output capability up to 3m b/d over the next five years.

All these big firms, as well as several other operators, including Norway's StatoilHydro and Brazil's Petrobras, are expected to take part in a new round of bids for oil exploration and production licences, which Angolan Petroleum Minister, Eng José Maria Botelho de Vasconcelos, recently announced would be held "in the near future".

Upstream oil analysts have said that this new round will almost certainly lead to a number of new discoveries over the next few years, further increasing the country's petroleum producing capacity.

At the moment, ExxonMobil is the biggest foreign oil producer in Angola. Its domestic affiliate, Esso Exploration Angola, is this year celebrating 15 years of successful operations in the country. It has been developing two giant deepwater offshore oil fields in Block 15, a concession that is already producing around 700,000 b/d. The block, currently the nation's single largest producing block, surpassed 1bn b in cumulative production in September.

Output is expected to increase to at least 800,000 b/d with the development of the Clochas and Mavacola discoveries. These fields are set to start producing in 2012 with peak output of 140,000 b/d, industry sources say.




*Angola could see its oil production capacity increase to 3m b/d in the next few years. Pictured here is an offshore production rig.*

Esso Angola is also contributing to community health, education, and infrastructure projects across Angola. Over the past five years, ExxonMobil has invested more than $40m in support of health care programmes that combat the spread of malaria and HIV/AIDS. Other initiatives support educational and vocational-technical training opportunities for women and girls in the country.

## Production development

The company's far-reaching help is demonstrated by the work of the ExxonMobil Foundation, which is supporting a project to help protect the Giant Sable Antelope, which until a few years ago was believed to be extinct.

Of the other oil majors interested in Angola, Total is slated to increase its oil output in Angola by at least a third to 750,000 b/d by 2011, up from 530,000 b/d in 2008. Industry sources say its total output could reach almost 1m b/d by 2015.

Chevron expects its crude oil production in the country to rise by 25 per cent to around 630,000 b/d by 2011

*After almost three decades of civil war, the landscape in Angola is changing. Pictured here is a new housing development in the capital, Luanda.*

from 500,000 b/d in 2008, while ENI, which has made three significant offshore oil discoveries in Angola, and BP, which has 19 separate oil finds in ultra-deep water Block 31 in its portfolio, will also see their output rates increase.

Of the other interested parties, Petrobras and StatoilHydro are interested in developing Angola's ultra-deepwater oil exploration, known as pre-salt.

Angola shares a similar underwater rock formation as Brazil, which in 2007 made a pre-salt discovery of some 8bn b of crude in its Tupi field.

Brazil's Minister of Development, Industry and Foreign Trade, Miguel Jorge, confirmed that Petrobras officials had met with Angola's Economy Minister to announce that the company had a substantial interest in drilling and working in the African country's deep and ultra-deep waters.

StatoilHydro said in July it was also looking at pre-salt exploration in Angola.

Jorge said Brazil, a major biofuels producer, was also working with Angola and other African


*Rebuilding a health care system is one of the priorities of the Angolan government. International aid agencies have already launched the biggest ever child immunization campaign in the country.*

Reuters

*Brazil, a major biofuels producer, is working with Angola to help produce sugar and ethanol.*

nations to help them produce sugar and ethanol as a way of bolstering their once-prosperous farming sectors.

But it is not just the upstream oil sector that is grabbing the headlines in Angola. The country is also pursuing its downstream operations with a vigour.

The government has approved the liberalization of its oil refining, storage, transportation and distribution businesses, all currently held by the state-owned oil company, Sonangol.

According to a government statement, the move will enable private oil companies to enter Angola's lucrative refining business. The country's only refinery — the 39,000 b/d plant situated near the capital, Luanda — supplies only ten per cent of domestic refined petroleum needs.

An $8bn refinery in the southern port of Lobito is due to open in 2011. Around 90 per cent of the new plant's output will supply the local market and neighbouring countries, while the rest is to be exported outside the region, Petroleum Minister de Vasconcelos disclosed recently.

Reuters

*Miguel Jorge, Brazilian Minister of Development, Industry and Foreign Trade, has held talks with Angolan officials.*

# Ecuador in $1.1 billion oil field development deal with China

*Germanico Pinto, Ecuador's Minister of Mines and Petroleum.*


Ecuador is to form a billion-dollar partnership with China to develop oil fields in the Amazon region, according to the OPEC Member Country's Minister of Mines and Petroleum, Germanico Pinto.

The state petroleum companies of the two countries — PetroEcuador and the China National Petroleum Corporation (CNPC) — will form a joint firm to develop the fields, a project that will require around $1.1 billion in Chinese investment.

"The forming of the company implies an investment of $1.1bn, which is very important for Ecuador and will help us develop our oil industry," Pinto was quoted as saying.

He stressed that the principal aim of the joint company would be to explore and drill in the Oglan block in the Ecuadorean jungle. The new venture would be 60 per cent owned by Ecuador and 40 per cent by China.

China, one of the fastest growing economies in the world, and in need of growing petroleum supplies, has become a key strategic market of Ecuador.

The two countries have already inked a separate $1bn oil-for-cash deal and are involved in a joint scheme to develop a hydroelectric dam in the Andean country.

Ecuador, which initially joined OPEC in 1973, suspended its Membership in 1992. It then decided to return to the Organization in 2007. The country is set to take over the rotating Presidency of the OPEC Conference from January 1, 2010.

# Kuwait dedicates port to help boost trade with Iran


Reuters

*Kuwait's Prime Minister, Sheikh Nasser Al-Mohammad Al-Sabah (l), with Iran's First Vice President, Mohammad Reza Rahimi.*

Kuwait is to provide a special port for Iranian imports in a bid to boost trade between the two OPEC Members, the official Iranian News Agency (IRNA) has disclosed.

The move follows a visit to Tehran by Kuwaiti Prime Minister, Sheikh Nasser Al-Mohammad Al-Sabah.

IRNA pointed out that annual trade between Kuwait and Iran has declined to around a value of $100 million. In 2005, the figure stood at $500m.

Al-Sabah was quoted as saying in Tehran: "All Kuwaiti doors will be open to imports of Iranian products and there will be a special port for the entry of Iranian products."

His host, Iran's First Vice President, Mohammad Reza Rahimi, said at a joint news conference that Iran had "opened its arms for the expansion of bilateral ties between the two friendly and fraternal neighbours."

The two countries signed two memoranda of understanding covering trade, as well as water and electricity, IRNA said.

Iranian state television pointed out that it was the first visit to Tehran by a Kuwaiti Prime Minister for more than 30 years. The aim was to promote political and economic ties.

The two countries dispute the ownership of a gas field in the Gulf — Arash. Both Al-Sabah and Rahimi called for "cooperation in connection with the resolution of the continental shelf issue."

# Qatar spends $1.9 billion on development of electricity and water services

The Qatari government has spent around seven billion Qatari riyals ($1.9 billion) on the development of electricity and water networks in the country up until the end of the third quarter of this year, according to Qatar's Deputy Prime Minister and Minister of Energy and Industry, Abdullah bin Hamad Al Attiyah.

In the inaugural address of the annual planning forum of the Qatar General Electricity and Water Corporation (Kahramaa), delivered on Al Attiyah's behalf by Dr Mohammed bin Saleh Al Sada, Minister of State for Energy and Industry, the Energy and Industry Minister noted that development plans for the networks were matching the growth in domestic loads and production capabilities.


Reuters

*Above: Qatar's Deputy Prime Minister and Minister of Energy and Industry, Abdullah bin Hamad Al Attiyah.*

*Water is examined to test its quality.*

Quoted by the Qatar News Agency (QNA), he said the continuing increase in the production capacities of both electricity and water had recently been reinforced by the addition of 1,000 megawatts of power at the Mesaieed power plant.

Demand for electricity in Qatar has increased by almost 14 per cent this year, compared with 2008, while demand for water has exceeded seven per cent.

He emphasized that "this remarkable growth" in the electricity and water sectors was due to the country's economic strength, good planning and the wise guidance of the Emir of Qatar.

Al Attiyah reiterated that the Qatari economy and the growth rates witnessed in most sectors, including electricity and water, had not been appreciably affected by the global financial crisis.

The slogan for this year's forum 'Planning compliant to meet the growth needs effectively through the optimal use of sources', he said, would guide the corporation's work during the coming years, in the light of the current economic growth base.

Achieving the best use of available resources and reducing the need for additional resources would help meet the increasing demand for water and electricity expected.

Al Attiyah also called for a reduction in the emissions of greenhouse gases over the next five years, referring in this context to the report prepared by the relevant departments of the Ministry of Environment and Qatar Petroleum, which had revealed that 25 per cent of the emissions in question were associated with the electricity and water sectors.

He said he hoped Qatar's participation in the Climate Change Conference in Copenhagen would contribute to highlighting efforts being exerted to reduce emissions associated with the energy sector.

Qatar, he added, was looking for the talks to result in the cementing of broader and more effective cooperation with all countries and relevant institutions working towards solving the global warming problem.

Qatar, stressed Al Attiyah, was well aware of its responsibilities in this regard. Its duty was to continue to work towards reducing climate change and to create a favourable atmosphere for sustainable development.

For his part, Issa Hilal Al Kuwari, Managing Director of the Qatar General Electricity and Water Corporation, disclosed that a number of strategic projects in the water and electricity sectors would be implemented over the coming five years — 2010–14 — which were aimed at rationalizing consumption, improving services and strengthening production capacity.

He added that the country's electricity and water capabilities were expected to be developed during the period, including the provision of 2,007 MW of power in April 2010 at the Mesaieed power plant.

The Ras Abu Funtas power station was slated to produce 45 million gallons of water per day by January 2010 and 1,600 MW of electricity by May 2010.

More than 232,000 subscribers for electricity and 178,000 for water had benefited from the corporation's services during the period of maximum consumption in summer, he added.

*The Kahramaa distribution control centre.*


Shutterstock

# Construction work begins on new Saudi metro

Saudi Arabia has started construction work on an ambitious light-rail project exclusively for the capital city, Riyadh, where 36 stations will be built in the first phase.

The scheme is aimed at reducing congestion in the city where 87 per cent of the population uses private cars as the primary mode of transport.

Mohammed Abu-Zaid, a spokesman for the Saudi Railways Organization (SRO), was quoted by the Saudi Press Agency (SPA) as saying that the organization would receive eight rail cars within 36 months from the Spanish company, CAF.

"The total cost of these eight train units is about 612 million Saudi rials ($163m)," Abuzaid told the Jeddah-based Arab News.

The Light Transit Railway (LTR) project for the capital city, as it is called, comes under the jurisdiction of the ArRiyadh Development Authority (ADA).

CAF signed a contract with SRO for the supply of the trains, as well as a four-year maintenance scheme.

Asked about the details of the LTR system in Riyadh, an ADA source said final preparations to implement the project had already been made.

"The construction work has started on the two railway routes of the city," said the source, adding that 23 stations would be built on the first route, while 13 stations would be constructed on the second rail link.

The first phase will involve the construction of a 25 km north-south rail link. It will extend from the northern side of the ring road to Olaya and Batha streets, up to the southern ring road.

The second stage will involve a 14 km route extending from the eastern side of the ring road across King Abdulaziz Road, up to King Khaled Road in the west. It is expected that the first phase of the project will cover 30 districts of the city.

In September, Dubai Emirate opened its state-of-the-art metro, the first of its kind in the Gulf Arab region. OPEC Member Country Iran also operates a similar rail network in its capital, Tehran.

# UAE one of region's most active reformers
## — Doing Business report

The United Arab Emirates (UAE) was among the top ten global reformers in 2008/09, according to the second annual report of Doing Business in the Arab World.

The report for 2010, prepared in partnership with the Abu Dhabi Department of Economic Development, the Arab Monetary Fund, the World Bank, and the International Finance Corporation, pointed out that, in a year of global financial uncertainty, Arab economies picked up the pace of business regulatory reform.

First launched in November 2009, in Abu Dhabi, the study found that between June 2008 and May 2009, 16 of 20 Arab economies had reforms in the areas measured.

"In recent years Arab economies have consistently focused on enhancing competitiveness and making business regulation for domestic firms more efficient," commented Dahlia Khalifa, Senior Private Sector Development Specialist at the World Bank, and the main author of the report.

"Economies such as Egypt, Jordan, Morocco, Saudi Arabia, the Syrian Arab Republic, and the Republic of Yemen set broad-based reform targets, often spurred by the reform successes of their neighbours," he observed.

The report examines the business regulatory environment of 20 Arab economies within the Middle East, North Africa and Sub-Saharan Africa. The authors found that the 16 Arab economies pinpointed introduced 38 reforms that made it easier to do business, while two reforms that made doing business more difficult.

The 2009 report showed similar findings with 13 Arab economies said to have introduced 31 reforms — 29 of which made it easier to do business.

On a global basis, Doing Business found that 287 reforms were made in 131 economies between June 2008 through May 2009, 20 per cent more than in the same period the previous year. Reformers simplified business regulations, strengthened property rights, eased tax burdens, improved access to credit and reduced the cost of exporting and importing.

The reformers were particularly active in two regions — Eastern Europe and Central Asia and the Middle East and North Africa.

This year's report on the Arab world stated that one focus of reform was the minimum capital requirement for starting a limited liability company. Eight Arab economies have reduced or eliminated this requirement since 2005, including, in the past year, the UAE, Egypt and Syria. Five of these had among the highest requirements in the world.

The report noticed that other barriers to new businesses were also lowered. One-stop shops for business registration are now operational in the UAE, Egypt, Jordan, Morocco, Saudi Arabia, Tunisia, and Yemen.

Reforms also intensified in other areas in the year under review. Six economies made construction permitting easier, more than in the previous five years combined. Six countries also improved trade processes.

The 20 Arab economies scrutinized were Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, the UAE, West Bank and Gaza and Yemen.

Meanwhile, a two-day Doing Business Forum, held in Abu Dhabi in November to mark the release of the report, was told that the latest rankings were a true reflection of the competitive economies of the region.

Nasser Ahmed Al Suwaidi, Chairman, Department of Economic Development in Abu Dhabi, said they also highlighted the desire of countries to showcase their areas of improvement and development, as well as potential reforms, which allowed for greater integration into the global economy.

He stressed that, in the case of the UAE, due to the importance given to competitiveness issues in general and the business environment in particular, the country had recently witnessed a number of achievements and developments within the business environment. The effects of these achievements were clearly visible at the federal and local levels.

He added that the aim of the authorities was to unleash the hidden potentials of the economy and create an open environment for foreign investment through the adoption of policies and legislation that stimulated development and investment.

"The inspiring goal … is to make Abu Dhabi one of the five best governments in the world. The Emirate has witnessed several developmental efforts and reforms which have positively impacted various business environment determinants within government agencies regarding policies, legislation, infrastructure and human resources," said Al Suwaidi.

"The business environment in Abu Dhabi is among the top priorities of the 2030 Economic Vision, which aims to create an open and efficient environment that is more integrated with international business standards," he added.

# Venezuela, Iran set up joint development fund


Reuters

*Hand of friendship — Iranian President, Mahmoud Ahmadinejad (l), with Venezuelan President, Hugo Chávez Frías.*

OPEC Member Countries Venezuela and Iran have set up a bi-national development fund and signed agreements designed to boost the Latin American country's agricultural and industrial production.

Venezuelan officials said they hoped the fund, worth an initial $200 million, would increase to $1 billion next year. The facility comes in addition to $7bn in bilateral investments recorded over the past five years and a bi-national bank that the two sides founded earlier this year.

Among the other agreements, Iran has agreed to help increase Venezuela's production of rice, vegetables, milk, corn, shrimp and other sea foods. In the industrial sector, Iran will invest in Venezuela's production of automobile parts, pharmaceuticals and cement and collaborate with Venezuela on scientific research.

The accords were signed during the fourth visit to Venezuela by Iranian President, Mahmoud Ahmadinejad, the culmination of his three-nation tour of Latin America that also took him to Brazil and Bolivia. During his quick-stop overseas trip, he first visited two African nations — Gambia and then Senegal.

"Nations such as Iran, Brazil, Venezuela, Gambia and Senegal have the ability to restore a new world order,"

the Iranian President said before leaving Tehran on his five-day trip.

Concerning fellow OPEC Members, Venezuela and Iran, the two countries have now signed hundreds of cooperation accords, worth billions of dollars, since they established bilateral relations some five years ago.

One of the agreements covers the setting up of a joint company to extract oil from Venezuela's massive Orinoco oil belt, which contains huge reserves of heavy crude oil. And Iran has already helped Venezuela set up factories that assemble cars, tractors and bicycles.

According to a report issued by the International Monetary Fund (IMF), total trade between Venezuela and Iran reached a value of $51.8 million last year, a 30.8 per cent increase over 2007.

## Iranian investment in housing

Venezuelan President, Hugo Chávez Frías, was quoted as saying after his talks with Ahmadinejad: "All these efforts in the international dynamic grow and grow each day and seek balance in the universe. With the support of Iran, we become stronger. We are determined to construct a new model of independence."

He referred to Ahmadinejad as a "brother", stressing that Iran's support was a "blessing".

During the Iranian President's stay, the Venezuelan government handed over 4,000 three-bedroom apartments to low-income Venezuelans. The apartments were constructed as part of an Iranian investment that was signed in 2005.

According to the state television station, VTV, the Venezuelan government subsidized up to 80 per cent of the cost of the apartments, depending on the income level of the recipients.

Commenting on Venezuela's policies, Ahmadinejad noted: "In Latin America, President Chávez is donating farms, plants, all of which is for the well-being of the people. Those who claim to be the seekers of peace and human rights install military bases."

Venezuelan Foreign Minister, Nicolas Maduro, who welcomed Ahmadinejad at the airport, said of the two countries' relations: "We have a solid foundation — a solid base that we have created over this decade in our relationship."

He revealed that an advance gathering of Iranian businessmen, representing around 70 companies, prepared the ground in Venezuela's capital, Caracas, for the trade discussions.

Earlier, the Iranian President visited Bolivia, where he met President Evo Morales. The two leaders signed a deal increasing Iran's involvement in mining research in Bolivia's Salar de Uyuni, a vast salt desert near the Chilean border.

The area is said to hold half the world's known reserves of lithium — a key mineral used in rechargeable batteries for cell phones, laptops and electric cars. French, Japanese and South Korean companies are competing to invest in the region, estimated to contain up to 100 million tons of lithium.

Speaking at the signing ceremony at the Bolivian presidential palace in La Paz, Ahmadinejad said the venture formed part of Iran's efforts to boost cooperation with the Andean nation.

Iran will join a scientific committee dedicated to the study of the reserves that includes Brazil's Ministry of Science and researchers from companies, such as France's Eramet and Bollore.

Ahmadinejad's visit to Bolivia also marked the inauguration of a hospital and a milk processing plant his government helped finance.

"Although there is a large geographical distance between our countries, I want to assure you that our hearts, our thoughts and our ideals are very close," the Iranian President told his host.

He disclosed that Iran's state oil company, the National Iranian Oil Company (NIOC), planned to open an office in Bolivia.

Ahmadinejad began the Latin American leg of his tour with a visit to Brazil, Iran's largest trade partner in the region, where he held talks with President Luiz Inacio Lula da Silva.

According to the Latin Business Chronicle, bilateral trade between the two countries stood at $1.3bn last year. News agencies reported that Tehran's goal was to lift bilateral trade with Brazil to a value of $15bn in the future.

The IMF report said Iran's trade with the Latin American region tripled to a value of $2.9bn in 2008.

Since taking office in 2005, Ahmadinejad has expanded Iran's cooperation with many Latin American states, including Venezuela and Cuba.

The IMF report also noted that Iranian exports to South American states had jumped by 85.2 per cent to a value of $337.6m in 2008.

Argentina increased its exports to Iran from $29m in 2007 to $1.2bn last year becoming Iran's second-largest trade partner in the region.

# ANGOLA: A PALEONTOLOGIST'S DREAM

Around the world Angola is perhaps best known today for its oil and diamonds, but some believe it will not be long before another word is added to this list. 'Fossils' are fast becoming big news for the country, as paleontologists explore what some have described as a "museum in the ground". **James Griffin** reports on Angola's fossil treasure trove.

When dinosaurs started roaming the earth around 245 million years ago, little did they know that their bones would one day be considered by humans as 'treasure'. Major finds stir not only the scientific community, but the general public too. There seems to be something both magical and mysterious about how we view these creatures from the earth's past. We may be following in their footsteps, but it was obviously a time very different to ours today.

It is evident that the recent fossil finds in Angola are sparking such an interest and generating new images of this era. They have captured the imagination of paleontologists the world over, with many scientific reports and articles already written on the subject. And, in turn, this has spawned interest from the mainstream media. 'Angola's Jurassic Park', 'Angola a fossil hotspot', 'Fossil hunters flock to Angola', are just some of the headlines.

## The final frontier

The reason Angola's fossils are only now being researched and catalogued is because during the almost three decades of civil war that besieged Angola at the end of the last century and the first two years of this, the country was all but closed off. Following the ending of the war in 2002, however, the country has become, according to Louis Jacobs, Professor of Geological Sciences at Dedman College, Southern Methodist University in Dallas, Texas, "the final frontier for paleontology." Scientists are now flocking to the country, to explore and research the hidden fossil gems and piece together the country's Jurassic past.

*Left: Up close with Angola's Jurassic past.* *Above: Exploring the vertebrae of a large plesiosaur.*

*Chipping away ... and right, removing the overburden to reveal fossilized remains.*

Jacobs is part of the 'PaleoAngola' project, a collaborative scientific programme between various international institutions in Angola, the Netherlands, Portugal and the United States. It focuses on researching and promoting the paleontology of Angola, creating a strong and lasting institutional and scientific collaboration that has a multiplier effect in Angolan academia, and overseeing the training of young Angolan scientists so they can ultimately run the project themselves.

The results of its fieldwork to date are described by the group as "extraordinarily spectacular". The biggest find thus far was in 2005, when five bones from the front-left leg of a sauropod dinosaur were discovered on a cliff at Iembe, around 65 km north of the capital, Luanda. Since then, most of the skulls and skeletons uncovered by the team have been from marine animals. This includes 'long-necked' sea reptiles, known as plesiosaurs, sea turtles, sharks, whales, sea cows, and large carnivorous mosasaurs, which are more closely related to snakes than to dinosaurs. In fact, in honour of the area's importance to science, one of the mosasaur species has even been named Angolasaurus.

According to Jacobs, the abundance and diversity of marine reptiles may well mean that Angola "proves to be the best country in the world for high-quality fossils of marine reptiles." He adds that "some of the Angolan localities are probably worthy of becoming world heritage sites" and stresses that the finds are "important for Angola, for Africa, and for the world."

## Reconstructing the past

The reason why many of the Angolan fossils belong to sea creatures is because during the warm late Cretaceous period (99.6 to 65.5 million years ago) much of the region was under water. The 'PaleoAngola' project says that, together, these fossils will help to reconstruct what life was like in the Atlantic Ocean, more than 65 million years ago.

Jacobs says that "we have applied what is known about the tectonic movement of Africa through time and as it progressed through climatic zones. This provides a new framework for the environmental evolution of Africa, explaining the age of the Skeleton coast, the rich oil deposits in West Africa, and the transition of the Congo Basin from an arid to a moist tropical climate." He adds

*The fossil finds are helping to reconstruct what life was like in the ancient Atlantic Ocean.*


*The PaleoAngola team has excavated a number of skeletons of late Cretaceous reptiles, including large carnivorous mosasaurs and some 'long-necked' sea reptiles known as Plesiosaurs, from Angola's Namibe Province (highlighted here).*

*Angola has been labelled 'the final frontier for paleontology'.*

that the group was led to these conclusions because of the abundance of fossil marine reptiles and that "no one has approached the environmental history of Africa in this way before."

The finds may also help the further understanding of how continents shifted over time, for example, by looking at the migrating patterns of animals. Researchers hope the fossils will help establish a more exact date for when what is now South America split from Africa and the southern Atlantic was formed. And they may also provide a reference point for the time when creatures like dinosaurs were thought to have been made extinct. The scientific community largely accepts the theory that a massive asteroid hit the earth 68 million years ago, hitting the sea somewhere near Mexico.

## Just the beginning

It is clear that Jacobs and others involved in the 'PaleoAngola' project see the recent Angolan finds as just the beginning. "We know there is much more to find because we have located the areas that will yield new fossils of marine reptiles, whales and probably sea cows," he says, adding that there are also areas still to be explored by paleontologists.

As for Angola and its population, it is evident the project is looking to make sure everyone benefits. And Jacobs hopes that fossils will do for Angola what they do for every country. This includes the training of scientists and development of scientific institutions; a gateway to science for children through museums and education; visibility for the country; in the longer term, a tourist attraction; and, in general, a source of pride. "For Angola," he says, "this is a totally good and exquisitely informative natural resources."

*For more information on the 'PaleoAngola' project see: www.paleoangola.org/AngolaSite/Inicio_Home.html.*

*All photographs courtesy PaleoAngola.*

# Fever pitch!

Reuters


AP Photo

# Angolans prepare for football feast as CAN comes to town

By Jerry Haylins

While the people of Angola — especially those living in the capital, Luanda — prepare for the high-profile visit of OPEC's Oil and Energy Ministers for the Organization's first ever Conference in the country on December 22, they could be forgiven for being somewhat distracted.

Not that hosting the OPEC Ministerial 'road show' in the Organization's newest Member Country will be anything but a very proud moment for the country of 18 million people and a further sign of Angola's growing international stature, but nothing could compete with an upcoming event that has occupied everybody's mind.

It is soccer — not oil — Didier Drogba and Manucho — not OPEC quotas — that has grabbed everyone's attention in this southern African country. For months, Africa's very own 'World Cup' has been the subject of intense discussion among all segments of society — from those high up in the echelons of government and industry, right down to the man on the street.

And as the big day draws nearer — when Angola and Mali take to the field for the first match — the excitement and anticipation threatens to reach fever pitch.

Yes, the 'beautiful game' will be taking centre stage from mid-January when 15 of the Continent's best football teams join Angola for the 2010 Africa Cup of Nations competition.

The spectacle, which will kick-off on January 10 after many months of careful preparation, is by far the biggest event ever to be held in Angola.

It is a great coup indeed for a nation that has spent most of the last 40 years embroiled in a civil war that destroyed most of the country's infrastructure, to say

nothing of the destabilizing effect it had on the economy and the nation's expectant people.

But those days are seemingly long gone. Peace was declared in 2002 — and the country has not looked back. Today, Angola is a hive of activity. Development projects have quickly mushroomed with billions of dollars of investment earmarked for new and replacement infrastructure.

The oil sector, the country's biggest earner, is flourishing and international companies, especially those from China, are queuing up to help the country move forward on all fronts.

Its progress has been so startling that other countries, and not just those on the continent, but worldwide, look upon Angola's impressive economic growth figures with envy.

## Victory for Angolans

Now, the prestigious Africa Cup of Nations, locally referred to as CAN, is proving to be the icing on the cake. Much is expected from the tournament which is the country's first real test with regard to staging a massive international event, catering for thousands of visitors. The obvious benefit is the boost it can give to tourism, which the government is keen to promote.

The country's President, a very proud Jose Eduardo dos Santos, sees the OPEC Member Country's selection for hosting this year's CAN as a victory for Angolans and the nation in general.

"The choice is proof of the confidence placed in Angolans, its institutions, as well as the new age the country is living in," he was quoted as saying.

The President is obviously confident the nation will prove itself capable of facing the challenge. "We can carry out an exemplary CAN, in all its aspects," he said.

And there is little doubt the Angolan government and all relevant institutions and organizations involved have put their heart and sole into this event to make it a success.

Over $1 billion has been spent on preparations for the tournament. In catering for basic infrastructure needs, new roads, hotels and even hospitals have been constructed, while the country's airports and rail links have all been upgraded to cater for the many thousands of visitors expected.

Four purpose-built stadiums have been constructed for CAN. These comprise a 50,000 capacity, futuristic arena in the Camama suburb of the capital, Luanda, while the second-largest stadium is situated in Angola's second city, Benguela, which is located half way down the coast. It is capable of holding 35,000 fans.

The other two stadiums are in the Chioco district of Lubango, an inland agricultural town, situated high up on the fertile Huila altiplano, and at Chiazi, in Cabinda province, nestled on the coast between Congo and the Democratic Republic of Congo, in the north of the country. Both these arenas can hold 20,000 spectators each.

All the stadiums, which will be officially inaugurated between December 27–30, have been built by Chinese construction firms. Angola has established strong links with fast-growing China, and not just in the oil industry.

However, it has to be said that when the venue for the 2010 CAN was announced back in September 2006 by the Confederation of African Football (CAF), more than just a few eyebrows were raised.

Many of the country's socio-economic problems had their root in the 27-year civil war, which followed independence from Portugal in 1975. However, over the last seven years or so, the situation in the country has greatly improved, especially with parliamentary elections passing off smoothly in September 2008.

Angola was selected for CAN, which has been staged since 1957, from a total of nine applicants in a competitive bidding process. Obviously its troubled past raised questions as to whether the country could bring everything together in time for the tournament with just four years to prepare — and virtually from scratch.

But when an inspection team from CAF visited the country for a week in September this year, officials immediately gave the thumbs up to the preparations already made. Companies and contractors have been working long hours under floodlights to put the finishing touches to projects to ensure everything is ready for January 10.

"I think it is going extremely well," CAF Executive Committee official, Suketu Patel, was quoted as saying after the inspection. "There are a few things that need to be resolved ... but we are quite confident it will be a very good CAN in the end," he said.

The choice of Angola as host formed part of CAF's strategy to spread its showpiece event throughout the continent. Such an approach serves to help all its members develop modern sporting facilities and related infrastructure that will prove to be of immense benefit long after the tournament is over.

As for the tournament itself, everything is coming together for an exciting competition. Côte d'Ivoire, seeded alongside Egypt, Cameroon and Angola in the draw for the

## CAN 2010: how they line up ...

**Group A**

| | | |
|---|---|---|
| January 10 | Angola — Mali | Luanda |
| January 11 | Malawi — Algeria | Luanda |
| January 14 | Mali — Algeria | Luanda |
| January 14 | Angola — Malawi | Luanda |
| January 18 | Angola — Algeria | Luanda |
| January 18 | Mali — Malawi | Cabinda |

**Group B**

| | | |
|---|---|---|
| January 11 | Côte d'Ivoire — Burkina Faso | Cabinda |
| January 11 | Ghana — Togo | Cabinda |
| January 15 | Burkina Faso — Togo | Cabinda |
| Januray 15 | Côte d'Ivoire — Ghana | Cabinda |
| January 19 | Côte d'Ivoire — Togo | Cabinda |
| January 19 | Burkina Faso — Ghana | Luanda |

**Group C**

| | | |
|---|---|---|
| January 12 | Egypt — Nigeria | Benguela |
| January 12 | Mozambique — Benin | Benguela |
| January 16 | Nigeria — Benin | Benguela |
| January 16 | Egypt — Mozambique | Benguela |
| January 20 | Egypt — Benin | Benguela |
| January 20 | Nigeria — Mozambique | Lubango |

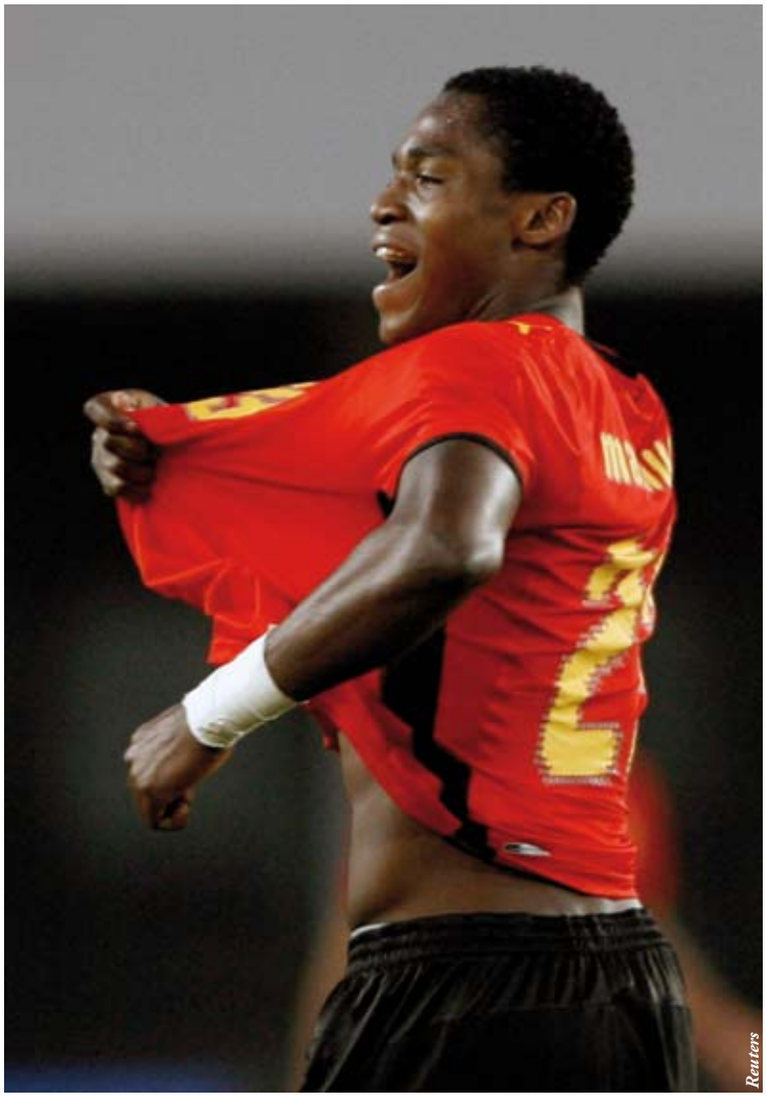
**Group D**

| | | |
|---|---|---|
| January 13 | Cameroon — Gabon | Lubango |
| January 13 | Zambia — Tunisia | Lubango |
| January 17 | Gabon — Tunisia | Lubango |
| January 17 | Cameroon — Zambia | Lubango |
| January 21 | Cameroon — Tunisia | Lubango |
| January 21 | Gabon — Zambia | Benguela |

finals, which took place in Luanda in November, are the post favourites. But the truth is, this year's CAN appears to be wide open — and everyone who knows soccer knows of upsets.

Five of the national teams taking part in CAN — OPEC Members Algeria and Nigeria, as well as Cameroon, Ghana, Côte d'Ivoire — have qualified for next year's World Cup in South Africa. Algeria secured its place at the expense of 2008 African champions, Egypt, after a very bad tempered play-off.

On paper, Angola, known locally as the Palancas Negras, are not given much of a chance of lifting the CAN trophy, with current odds of around 25–1, but the team will obviously have terrific support from the fans.




*Pride of Angola, Manucho, will be hoping to emulate the superb performance he gave in the 2008 Africa Cup of Nations, when the 2010 event kicks off in January.*

**Quarter finals**

| | | |
|---|---|---|
| January 24 | 1st Group A — 2nd Group B | Luanda |
| January 24 | 1st Group B — 2nd Group A | Cabinda |
| January 24 | 1st Group C — 2nd Group D | Benguela |
| January 24 | 1st Group D — 2nd Group C | Lubango |

**Semi finals**

| | | |
|---|---|---|
| January 28 | Winner QF1 — Winner QF4 | Luanda |
| January 28 | Winner QF2 — Winner QF3 | Benguela |

**Third place play off**

| | | |
|---|---|---|
| January 30 | Loser SF1 — Loser SF2 | Benguela |

**Final**

| | | |
|---|---|---|
| January 31 | Winner SF1 — Winner SF2 | Luanda |

And it is certainly taking the competition very seriously. Its seasoned team coach, 63-year-old Manuel Jose, is very optimistic about their chances of at least making it past the group stages, as they did in 2008, when they were knocked out at the quarter final stage by Egypt, who went on to win against Cameroon in the final.

And Jose, who hails from Portugal, has all the experience and footballing guile necessary to pull off a shock. His credentials speak for themselves — five league titles and four African Champions League wins with Egyptian side Al-Ahly.

To improve Angola's chances in CAN 2010, Jose, who became team coach in June this year, insisted on whisking off his squad to a special training camp in the Algarve, Portugal at the end of November to prepare for the tournament in earnest, without any distractions.


*Mateus (r) celebrates his goal with Ze Kalanga during Angola's friendly match with Togo in Lisbon in August.*

"Angola has a strong chance," he said during the draw at the Talatona Convention Centre in Luanda. "This is the best of groups we can envisage. We have avoided the 'big teams' and it is good for us," he told the media.

The squad is expected to return to Angola on January 5, refreshed and ready to go, five days before its opener against Mali. In its other Group A games, it will play rank outsider, Malawi, and fellow OPEC Member Country, Algeria, which will likely prove a stern test. All its games will be played at the stunning 50,000 seater stadium in Luanda.

Of the other groups (B, C and D), Côte d'Ivoire, Burkino Faso, Ghana and Togo will play in Luanda and Cabinda; Egypt, Nigeria, Mozambique and Beni will play in Benguela and Lobango; and Cameroon, Gabon, Zambia and Tunisia will play in Lobango and Benguela.

Egypt is the most successful nation in the cup's history, winning the tournament a record six times. Ghana and Cameroon have won four titles each.

Much of Angola's goal-scoring hopes rest with striker icon Mateus Alberto Contreiras Goncalvas, known more popularly as Manucho. At the age of 24, he was the star of CAN 2008. He scored three goals in Angola's first two games and was instrumental in getting his team to the quarter-finals, where his terrific 25-yard effort against Egypt was adjudged to be the goal of the tournament.

In an interview carried by *Universo*, the magazine of the national oil company, Sonangol, he says: "We can't wait for the games to begin and for us to show what we can really do."

Manucho's speed, strength, exuberance and trickery will be complemented up front by the experience of Flavio, Angola's all-time top scorer. It is a combination that could turn the competition on its head.

## Every country's wish

Also in *Universo*, which has dedicated its December issue to CAN 2010, former Angolan team captain, Fabrice Alcebiades Maieco, better known as Akwa, also speaks of his optimism over the event.

Now retired, Akwa, the most famous Angolan footballer of his generation, made his name when he scored the goal against Rwanda in the last eight minutes of regular time to put his team through to the World Cup finals in Germany in 2006.

He stresses in the magazine article that it is the wish of every country to host such an important competition as CAN — and Angola is no exception.

Apart from the kudos attached to holding the tournament, he says good things are happening for sporting infrastructure in the country with the construction of the new stadiums and supporting facilities.

"The hosting of the tournament has led to a drastic development of infrastructure, construction of hotels, expanded telecommunications, and more significantly, it will enhance tourism. This is the best opportunity to showcase Angola to the rest of the world, as well as interact and exchange ideas and culture with people from various backgrounds," he says in the interview.

Asked about Angola's chances and the likely winner


Reuters


Reuters

*OPEC Members, Algeria and Nigeria, both a part of next year's World Cup in South Africa, are looking to do well in CAN 2010. Pictured right is Algeria's Rafik Saifi, celebrating after his team beat Egypt in a World Cup play-off. Left are Nigeria's Obafemi Martins (l) and Yussuf Atanda celebrating a goal against Kenya, also in the World Cup qualifiers.*

of the cup, Akwa, now a member of parliament for the ruling Popular Movement for the Liberation of Angola (MPLA), replies that he would love to see the Palancas Negras win it, but that would not come easy.

"Defending champions Egypt, Cameroon, Ghana and Côte d'Ivoire have strong squads — I think the winner is within these four teams," he adds.

He explains that the Angolan national side has suffered a dip in form following the exit of some of its most talented stars, but under the driving force of its new coach, Akwa feels that the good fortunes of 2006, when they finished third in their World Cup group behind Portugal and Mexico, are returning.

"There is lot less to criticize the team about than there was … it is not 100 per cent, but there has been a big improvement on the last six months.

"Coach Manuel Jose is working hard to make the team stronger and in recent friendly games he has been trying new things and bringing in different players. I feel things are starting to change for the better … we have to have faith in our players," he notes.

Akwa maintains that what is important is that team members are showing that they want to make a good account of themselves in CAN 2010 … and that means winning.

"Now the people of Angola must get behind them and support the team all the way," he asserts.

Akwa, now 30, who started playing soccer at the age of seven, may have hung up his boots, but he is still heavily involved in his country's sporting culture and is obviously keen to help prospective Angolan footballers develop their skills and opportunities.

It is with this in mind that he plans to establish a football academy in the capital "to pass on my experience and give kids an opportunity."

But Akwa's community sporting involvement does not stop there. In Parliament, he has served on committees governing youth and sports, culture, media, science and technology, education and religious affairs.

"I am also into charity work — in partnership with Ridge Solutions (a Luanda-based NGO) we seek to teach street children the importance of education. We urge, advise and provide educational needs to build on their capacities … to get them off the streets and away from crime, drugs etc," he affirms.

Angolans will be hoping that Akwa's determination and approach to life will rub off on the Palancas Negras, who will be looking to take a leaf out of the book of the country's basketball players, who, in Libya in August, took gold in the continent's premier Afrobasket championship for the tenth time — and that in the last 11 tournaments!

Whatever the outcome of CAN 2010, both Angola and football will have won. Angola will have restored its civic pride and established a sense of collective unity in a land so long ravaged by infighting. And football, once again, will have played its part in uniting the masses and bringing smiles to a lot of faces.

*Viva Angola!*

## Foundations for development

# Building infrastructure in Latin America and the Caribbean

Dwindling investment in strategic infrastructure in recent years has created a yawning gap between countries of Latin America and the Caribbean (LAC) and the more dynamic Asian economies. Today, as governments seek ways of becoming more competitive, the private sector is proving to be an effective ally. Leading the way in this process is one of the OPEC Fund for International Development's newest partners, the Corporacion Interamericana para el Financiamiento de Infraestructura (CIFI), a specialist financial institution with a unique focus on the small- and medium-sized infrastructure sector. OFID Information Officer, **Audrey Haylins**, spoke to CIFI's Chairman and Chief Executive Officer, Juan Jose Juste, and CIFI General Manager, Roldan Trujillo, on the success story of the company.

*CIFI General Manager, Roldan Trujillo.*

*CIFI's Chairman and Chief Executive Officer, Juan Jose Juste.*

Adequate economic infrastructure is essential for productivity, growth and competitiveness. By definition, it is also one of the pillars of poverty reduction. According to a World Bank report, however, spending on infrastructure in the LAC region dipped to less than two per cent of gross domestic product (GDP) in 2005, compared with the 3.7 per cent allocated on average in the 1980s.

While the coverage and quality of infrastructure has undoubtedly improved, says the report, progress has been too modest, especially with regard to transportation and energy. Even the water supply and sanitation sector, which has fared better in relative terms, is hardly a success story, with 58 million Latin Americans still lacking access to potable water and a massive 137 million people without adequate sanitation.

The dismal performance of the LAC region is largely the result of traumatic macro-economic crises over the past decade or so that forced drastic cuts in public spending. It is a performance that stands in stark contrast to the achievements of the so-called East Asian Tiger countries and China, which have all forged ahead in productive infrastructure to lead LAC by a factor of three to two. The result, according to the report, is an upper middle-income region whose infrastructure coverage has fallen below the middle-income average.

The report concludes that the LAC region must increase investment in infrastructure development to four to six per cent of GDP annually over the next 20 years, in order to match the level of coverage of countries like Korea and China and increase LAC's competitiveness in world markets. Significantly, the report stresses the equal importance of the private sector, as well as governments, in moving forward.

While desirable, however, the involvement of the private sector is not something that can be taken for granted, warns Juan Jose Juste, Chairman and Chief Executive Officer of CIFI.

"Potential investors need to be convinced that LAC countries offer an environment they can rely on," he says. "One of the biggest challenges facing the region, therefore, is the development of more stable economies, together with stronger legal, regulatory and institutional frameworks."

Up until just a few years ago, investors could not get enough of the LAC region. Between 1990 and 2003, it was the beneficiary of half of the $786 billion in infrastructure projects with private participation in the developing world.

## Immature governance

Despite some spectacular results, however, there was also a down side. On the one hand, the private flows were never enough to offset the massive collapse in public investment and, on the other, private interest was focused on just a handful of countries.

In addition, there were issues of immature governance and controls, together with a growing public disenchantment with privatization. By 2003, the level of private participation had plunged to just $16bn from a peak of $71bn in 1998.

For CIFI, which was established in 2001, the objectives have always been obvious. "As an institution with local expertise and an intimate knowledge of the regional macroeconomic, political and regulatory environment, we see our main task as providing a friendly hand to investors both from within the region and from elsewhere like Europe," says Juste.

With a shareholder group that includes Caja Madrid, the fourth largest financial institution in Spain, together with a clutch of other top-tier commercial banks and investment funds from Europe and Latin America, as well as four important multilateral institutions, CIFI is ideally positioned to broker deals between the two regions.

CIFI has chosen to focus exclusively on the modest end of the infrastructure spectrum. This, according to CIFI General Manager, Roldan Trujillo, is no coincidence: "With most international banks lending only for large-scale projects, we identified a niche in the region for a specialist financial institution that could arrange funding for smaller and medium-scale infrastructure projects," he explains.

"As well as direct lending, CIFI sees itself as playing the role of 'arranger' — evaluating the bankability of potential transactions and making them viable for foreign investors."

Since starting business eight years ago, CIFI has

spread its operations to 17 different countries. It has also built up a widely diversified portfolio covering a large range of infrastructure sub-sectors, from energy and transportation to telecommunications, mining, real estate, water and sanitation, to name just a few.

According to Trujillo, this spread is primarily determined by market demand, rather than by CIFI prioritizing certain types of projects. "A lot depends on the needs of any given country at any given time," he says. "For somewhere like the Dominican Republic where tourism is important, for example, the focus might be on hotels, or the construction of toll roads. In Guatemala and Honduras, on the other hand, we have seen a lot of demand for power supply schemes."

It is this diversified base that has led, at least in part, Trujillo believes, to CIFI's quite remarkable record of zero defaults, something rarely seen in the world of finance. "We have stringent guidelines in place to give us a good risk balance in our portfolio," he says. "This means we are never over-exposed, either in a particular country, or a particular sector."

In addition, the company has put in place a meticulous and highly effective credit approval process, which Trujillo is convinced minimizes the possibility of failure. "We have the benefit of working in a small team," he says. "So the peer review process is very open and critical and brings together the mind of the whole team. Our internal mechanisms for launching the transactions, signing the transactions and then controlling the transactions are therefore completely thorough."

## Taking a lead role

CIFI's clients are characteristically corporations that have either won a government concession as part of an industry privatization process, or secured a government contract for a joint public/private undertaking. This, according to Trujillo, is typical for the region, where virtually all infrastructure transactions are built on some degree of public/private participation.

Deals come to CIFI in a number of ways: directly from investors that the company has a standing relationship with, through multilateral organizations, or through CIFI's marketing programme. Whatever the source of the deal, however, CIFI likes to be involved right from the beginning.

"Ideally, we like to see the transaction through from

## Case study Peru

### Ferrovias Central Andina SA/Ferrocarril Central Andino SA

In 1999, Ferrovias was awarded the concession to rehabilitate, maintain and manage the Peruvian Central Railway, the second highest railway in the world that connects the port of Callao, near the capital city of Lima, with Huancayo in the Central Highlands and Cerro de Pasco, an important mining centre. The railway, which climbs to a height of over 4,781 metres, is predominantly a freight transporter, but also offers limited passenger services. The main business of the central railway is the transport of mineral concentrates, metals and other mine products from the highlands to the port of Callao, as well as the transport of supplies and equipment to the mining companies. In 2004, CIFI was hired as financial advisor and arranger by Ferrovias to structure a $14 million long-term debt financing to expand its rolling stock investment and refinance short-term and medium-term debt. CIFI successfully structured and syndicated the financing package with the participation of DEG (Deutsche Investitions- und Entwicklungsgesellschaft). The project was one of the first public-private initiatives by the Peruvian government and has proven to be a successful demonstration of the concession process in Peru. *Source: CIFI.*

start to finish," says Juste. "This means taking a lead role in the structuring and the financing, as well as in the distribution of the transaction to other banks."

In arranging deals, CIFI is highly conscious of the need to partner with, and tap into the expertise of, other organizations. Explains Juste: "Latin America is much more than just a continent. Each country has its own peculiarities, and just because we are there and know how to do the deals, does not mean that we are an institution that can do things on its own. Collaboration and partnership are the keys to our success."

Alongside Caja Madrid, which is the majority partner, multilateral financial institutions feature strongly in CIFI's shareholder group. Among them is the Central American Bank for Economic Integration (CABEI), the Inter-American Investment Corporation, the Caribbean Development Bank, and the group's most recent member, the International Finance Corporation (IFC).

"We were delighted when the IFC came on board last year as our number two shareholder," says Juste. "The Corporation has brought a lot of ideas and expertise to the table and, being a part of the World Bank Group, carries a lot of weight in terms of prestige. Our shareholders now include four of the five multilaterals most active in the LAC region. This is something we are very proud of."

Looking to the future, one of CIFI's main objectives is to expand the structuring and advisory side of its operations so that it is not purely a lender.

Juste reveals that CIFI has set a number of strategic objectives to be reached by the end of 2012, the most important being greater diversification, both in terms of assets and liabilities.

"We want to expand the type of products we offer customers and, at the same time, widen the nature and source of our own funding," he says. "Our ultimate goal is to have a balance sheet that matches our enormous strategic value and to achieve an official credit rating."

CIFI's collaboration with OFID has commenced with a $15m line of credit for on-lending to the private sector in a group of prioritized, lower-income LAC countries. Both Trujillo and Juste are hopeful that this initial investment is the beginning of a more strategic partnership. Says Trujillo: "We would like OFID to consider CIFI as more than simply a borrower. We see both organizations as being quite complementary in the LAC environment and believe that the possibilities for cooperation are very good."

## Case study Belize

### Belcogen

Belcogen (Belize Co-generation Energy Limited) is a Greenfield project that involves the development, construction and operation of a 32.5 megawatt (MW), co-generation power plant located adjacent to the Belize Sugar Industries Limited (BSI) sugar factory in Tower Hill, Belize. The 27.5 MW biomass facility will burn sugar cane fibre (bagasse) as its primary fuel during the in-crop period (December– July), and will be supplemented with two diesel engines (5 MW) during the out-of-crop period (August–November). Belcogen will generate baseload electricity of 13.5 MW to supply the national grid (Belize Electricity Limited, the privately owned electrical utility in Belize) under a signed power purchase agreement, and to supply BSI with its electrical power (9 MW) and steam requirements. Belcogen's total investment cost is $46.5m, of which $30.25m is being financed with debt. CIFI acted as financial advisor and lead arranger for the long-term financing of the project, raising the required $30.25m from FMO of the Netherlands, the Inter-American Investment Corporation, the Caribbean Development Bank and CIFI. *Source: CIFI.*

*Photographs courtesy CIFI.*

This section includes highlights from the OPEC Monthly Oil Market Reports (MOMR) for November 2009, published by the Petroleum Studies Department of the Secretariat, with additional graphs and tables. The publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage.

## Crude oil price movements

Bullish market sentiment intensified during the month of October, following an upward revision of the world economic outlook by the International Monetary Fund (IMF) and a rising demand projection for 2010 by various institutions. This all served to lift petroleum complex prices across the globe. A depreciation of the US dollar against other currencies, particularly versus the euro, also contributed to the positive price developments.

In the week ended October 9, the OPEC Reference Basket price rose to $67.88/barrel from $65.75/b the previous week. Over the same period, American benchmark crude, WTI and Dated Brent also increased – to $71.03/b and $67.79/b, respectively from $68.79/b and $65.78/b. The Dubai crude price followed the same trend, rising to $68.31/b from $66.09/b.

This positive momentum in the market continued into the following week, supported by equity gains and increasing hopes for an economic recovery, as well as a continuation of the US dollar's weakness. Additionally, improved business confidence in China in the third quarter also lent support to the market.

On October 16, the weekly average price of the OPEC Basket jumped by $4.33/b to reach $72.21/b. WTI and Brent crude prices rose to $75.75/b and $72.33/b, respectively, while Dubai crude improved to $72.59/b.

"The upward trend of prices has been reinforced amid an unseasonable gasoline stock-draw, higher-than-expected bank earnings reports and increasing technical buying in the market," commented the OPEC report.

It said the prevailing circumstances led to a further sharp upward movement of the Basket price, which, on October 23, hit a weekly average of $76.64/b. WTI and Dated Brent prices jumped to $79.87/b and $77.18/b, respectively, Dubai crude rose to $76.87/b.

In the latter part of October, due to crude and gasoline stock-builds in the US, a stronger US dollar and a relative easing in equities, the bullish sentiment was undermined, exerting pressure on prices. But higher-than-expected US GDP growth in the third quarter capped any sharp downward correction in market momentum and prices.

Hence, in the last week of October, the OPEC Basket price slipped only to $76.03/b from $76.64/b the previous week. The other benchmark crudes fell by around $1/b during the same week.

"The market's direction will now depend on developments regarding interest rates, real economic performance and growth indices, as well as the movements of financial market players on both equity and exchange-rate markets," maintained the report.

"Furthermore, a cold snap in the Western Hemisphere and improving distillate demand may also provide some support for crude prices," it added.

## Commodity markets

Looking at trends in selected commodity markets, the OPEC report stated that the IMF commodity price index increased by 5.6 per cent month-on-month in October, reversing the decline seen the previous month. The improvement was driven by an increase of eight per cent and 1.7 per cent in energy and non-energy commodity prices, respectively.

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

"This came as a result of the inflow of some positive macroeconomic data, supply restrictions in the industrial metal complex and bullish news in some agricultural products, as well as China's better-than-expected industrial metal imports and the decline of the US dollar against the euro," it said.

The announcement of a strong recovery in the emerging markets and better-than-expected GDP growth in the US led to optimism in the stock markets and an improvement in economic sentiment that led investors' interest in commodities to be reactivated in October.

"Nevertheless, it should be kept in mind that global demand for industrial metals remains weak with China continuing to be the key source of price support in these markets," said the report.

"The sustained recovery in the industrial metal markets, natural gas and crude oil relies heavily on a real recovery in the OECD economies. In this sense, there are still doubts, due to the heavily dependent nature of economic growth on public spending." It affirmed.

The IMF energy price commodity index (crude oil, natural gas and coal) jumped by eight per cent in October, compared with negative growth the previous month. This was ascribed to eight per cent growth in crude oil and 33.9 per cent rise in the Henry Hub (HH) natural gas price in the month under review.

The strong growth in the HH gas price was due mainly to the strength in WTI, as a result of the recovery in the US economy and the rally in equities, notwithstanding that record inventories and still high unemployment in the US continue to weigh on natural gas.

According to an outlook published by the Natural Gas Supply Association (NGSA), Energy Ventures Analysis and ICF International, the most important factor affecting winter natural gas demand in the US this year will be more influenced by the timing of the economic recovery.

Meanwhile, non-energy commodity prices went up by 1.7 per cent m-o-m in October, based on a recovery in industrial metals and, to a lesser extent, in food.

The industrial metal price index rose by 2.6 per cent in the month, reversing the negative trend seen in September. The rebound across the metal complex was driven by concerns focusing on slower Chinese imports of industrial metals in the second half of 2009, due to the high growth in the first half.

Aluminium prices expanded by 2.2 per cent m-o-m in October, despite a surplus, reflecting positive signs of economic recovery and a lack of immediate supply availability. Inventories at the LME declined by 350,000 tonnes in October to stand at 4.6m t, after having increased during the whole year. Likewise, falling global aluminium output from January to August, together with still-high Chinese imports of scrap and unwrought aluminium, also helped to support prices.

Copper prices increased by 1.8 per cent in October, up from 0.3 per cent in the previous month. Copper prices were encouraged by dollar weakness as well as some bullish macroeconomic and stock data. Supply concerns linked to labour strikes in Chile and Peru, amid technical problems in Australia, also contributed to sustained copper prices.

However, fundamentals for the copper market were weak with a bigger surplus of about 539,000 t being expected in 2010 from a 2009 market surplus of 368,000 t, according to the Copper Institute Group.

Nickel prices increased by 6.2 per cent m-o-m in October, supported by strong fundamentals and despite increasing stocks at the LME.

Zinc prices performed the best in October, jumping by 10.2 per cent m-o-m. However, regarding demand, the picture is still not very encouraging. Global consumption is expected to fall by five per cent this year with only China and India expected to report gains by the end of the year. Zinc prices were also boosted in October by the 2.9 per cent decline in stocks at the LME, which now stand at 428,525 t.

The IMF food price index rose by 0.9 per cent in October after a 3.1 per cent fall in September, as grain markets, mainly wheat and corn, recovered some strength from planting delays, due to weather conditions. Most of the markets benefited from these developments. However, a fall in the price of sugar, rice and soybean meal partially offset the price rebound in grains and oils.

**The IMF energy price commodity index jumped by eight per cent in October, compared with negative growth the previous month.**

Gold prices improved by five per cent m-o-m in October – the same rate as in September – supported by the same factors: investment-led strength on a weak US dollar and inflation concerns.

Open interest volume in commodities in the US increased by 5.2 per cent in October to reach 6.75 million contracts. The rise took place across all markets, but was concentrated in precious metals and copper.

## Highlights of the world economy

In looking at developments in the global economy, the OPEC report said that, in the US, the general perception is that the economy continues to improve. This was backed by the release of better-than-expected third quarter GDP figures, as published by the Bureau of Economic Analysis (BEA). It reported a 3.5 per cent quarter-on-quarter seasonally adjusted annualized rate of return.

"This number was very well received by the market with the S&P 500 jumping by 2.3 per cent on the day of the release, only to see these gains evaporate a day later as the market realized that developments in the third quar-

ter were not as encouraging as this number implied," it observed.

It stated that although the number signals solid growth, most of it is sustained by governmental support, primarily the "cash for clunkers" programme and the incentives for first-time home buyers. Government spending grew by 1.8 per cent year-on-year in the third quarter.

"Developments in the third quarter still highlight that growth in the US economy depends very much on government-led support. It will only become visible in the first half of 2010 whether this support has been successful in getting the economy back on its feet," said the report.

**"Germany and France have particularly started to improve, but it remains to be seen whether this development continues."**

"The US unemployment rate already stands at more than ten per cent. While equity markets took comfort in the fact that employment was expanding in the area of temporary workers – a usual lead indication for recovery – it remains to be seen whether this is really the case, or whether we are in the midst of a change in the structure of employment markets toward one with higher levels of total unemployment and a bigger share of temporary workers."

According to the household survey issued by the Bureau of Labour Statistics (BLS), the number of workers employed on a temporary basis for "economic reasons" jumped by 15 per cent in October.

Equity markets in the US have moved up by almost 60 per cent since their lows of March 2009 to lofty highs of price-earnings ratios that are now comparable to the ones that were achieved during the tech-bubble of 2000 and shortly afterwards.

The OPEC report said that despite the current momentum of the US economy, the level of GDP forecast has not changed considerably. GDP is now expected to decline by 2.5 per cent in 2009 and to grow by 1.4 per cent in 2010. This compares with last month's forecast for a decline of 2.7 per cent in 2009 and an increase of 1.3 per cent in 2010.

Looking at the situation in Japan, it said that although the economy is gradually improving in some areas, the country still faces considerable challenges, mainly due to the continued muted domestic consumption and to declining exports.

According to the country's Trade Ministry, retail sales in the country in September dropped by 1.4 per cent, which was less than expected, but still negative.

"This is the smallest drop over the last ten months and is better than the consensus forecast of minus 1.6 per cent y-o-y, according to a Bloomberg survey."

Although still in decline on an annual basis, exports are showing a gradual improvement, despite the rise in the value of the yen. However, the yen's strength could be expected to exert pressure on the cost side of companies, which, in turn, could have a negative effect on consumption, at least in the short term.

Exports declined by 30.7 per cent in September, compared with a 36 per cent y-o-y decline a month earlier, according to the Finance Ministry. Exports to China improved significantly, falling by 13.8 per cent y-o-y, to half that recorded the previous month. Shipments to Asia slid by 22.2 per cent, compared with a 30.6 per cent decline a month earlier, while sales to the US dropped by 34.1 per cent, almost the same level as the previous month. Exports to Europe declined by 38.6 per cent.

"The gradual improvement is filtering into the unemployment rate, which decreased for the second consecutive month – from 5.5 per cent in August to 5.3 per cent in September," said the report.

It pointed out that taking the challenges of the Japanese economy into consideration, whether current improvements are sustainable and whether the government stimulus leads to higher and healthier growth, the GDP growth forecast for 2010 has been forecast down by 0.2 per cent point to 1.1 per cent, with 2009 still being expected to decline by 5.6 per cent.

Turning to the Euro-zone, the report said this region has improved somewhat after the sharp decline seen in the first half of 2009.

"Germany and France have particularly started to improve, but it remains to be seen whether this development continues."

Germany's factory orders improved unexpectedly by 2.7 per cent m-o-m in September, while industrial production rose by 2.7 per cent. For the third quarter, industrial production in Germany grew by 3.5 per cent q-o-q. German exports in September were also supportive – expanding by 3.8 per cent m-o-m, according to the German Statistics Office.

Despite France having so far weathered the storm of the economic crisis, certainly better than the rest of the Euro-zone countries, its industrial data was not as supportive as in Germany, declining by 1.5 per cent m-o-m. However, the third quarter still looks positive with a growth level of 2.9 per cent q-o-q. French GDP is expected to grow by around one per cent, backed by this recent data.

September retail sales were down in the Euro-zone by 0.7 per cent m-o-m, having declined by 0.1 per cent the previous month, the biggest monthly drop since October 2008.

"This reflects the weak employment situation, combined with the current deflationary trend and the concern of households still increasing saving rates," observed the report.

In particular, food, drinks and tobacco fell by 0.9 per cent, while the non-food section declined by 0.6 per cent.

Corresponding with weak labour and economic data was the decline in Spain, where retail sales fell by one per cent m-o-m. On a yearly comparison, retail sales fell by 3.6 per cent, marking the 16th consecutive monthly loss, with more declines anticipated as most of the "cash for clunker" schemes in the Euro-zone have expired.

"Thus, exports, government spending and inventory replenishment will continue to be important drivers in the Euro-zone recovery," said the report.

The Euro-zone PMI numbers reflect re-emerging optimism in the region, showing the largest gains since October 2007 and expanding for the third consecutive month to 53 from 51.1 the previous month.

While output in the third quarter managed to grow in the majority of the Euro-zone countries, the employment situation has not improved and a self-sustained recovery remains to be seen with this diversion between government-funded and inventory replenishment-led output increases, on the one side, and deterioration in the labour markets, on the other.

Euro-zone unemployment went up to 9.7 per cent from 9.6 per cent. Germany again held up very well at 7.6 per cent, flat for the third month in a row. France reached ten per cent and Spain made a jump from 18.8 per cent to 19.3 per cent.

Taking the improvements into consideration, the forecast for the Euro-zone improved by 0.1 per cent in 2009 to minus four per cent and from zero per cent to 0.5 per cent in 2010.

As expected, Russia staged a significant improvement in the second half of 2009, with economic growth reported up by 0.6 per cent in the third quarter. Preliminary data shows that GDP was 9.4 per cent lower than a year earlier, which is an improvement on the 10.9 per cent contraction posted in the second quarter.

Industrial production in the country jumped by 5.1 per cent m-o-m in September, offsetting the three per cent contraction seen a month earlier and taking the annual rate of decline down to 9.5 per cent (a ten-month low). Output from the extractive industries fell by just one per cent, the best performance since October 2008.

"Although much of the government's stimulus will be withdrawn in 2010, the delayed impact of the 2009 stimulus package, along with more favourable external conditions and lower interest rates, will underpin the return to growth next year," said the report.

It noted that Ukraine expects the International Monetary Fund (IMF) to release a $3.4 billion payment under the agency's $16.4bn lending programme to the nation. The state is relying on the IMF loan facility to stay afloat after the credit crisis undermined demand for its raw materials, including steel exports. The country has received $10.6bn in loans to date.

The Ukrainian State Statistics Committee announced last month that its consumer price index rose by 0.8 per cent m-o-m in September and 9.1 per cent year-to-date. Annual inflation decelerated from 15.3 per cent in August to 15 per cent in September. For the rest of the year, no significant changes in CPI are expected, with annual inflation no higher than its current level.

China's economy grew by 8.9 per cent in the third quarter, compared with a year earlier, as massive government spending continued to lead the nation out of the global economic crisis. The figure, announced by the National Statistical Bureau, keeps the nation on pace to meet the government's annual target of eight per cent growth in GDP.

The country has seen modest improvements in exports and retail sales, but investment continues to constitute the overwhelming bulk of the country's growth with about 88 per cent of GDP growth in the first half tied to investment spending.

Chinese manufacturing data for October showed the nation's recovery strengthening and export orders climbing, giving policymakers more room to delay stimulus measures in coming months. Beijing has used a $585-billion stimulus plan and $1.27 trillion in bank lending this year to drive the nation's recovery.

A recently published report predicted that China's October CPI would decline by 0.7 per cent y-o-y, but may start to grow in November, due to seasonal changes in food prices. This has lowered the estimation of China's CPI in 2009 to negative 0.8 per cent as consumer prices were seen rising more slowly than expected.

The OPEC report said India's economic recovery seems to have begun earlier than anticipated and the robust revival of domestic activity has spurred inflationary pressures.

The leading infrastructure index in India rose by four per cent y-o-y in September, compared with a 3.9 per cent rise a year earlier, and maintained steady growth from recent months.

**China's economy grew by 8.9 per cent in the third quarter ... as massive government spending continued to lead the nation out of the global economic crisis.**

According to the Department of Statistics in India, CPI inflation stood at 11.6 per cent in September, compared with 11.7 per cent the previous month, and remained elevated, reflecting continued high prices for agricultural goods.

## World oil demand

In its review of the market, the OPEC report pointed out that US oil demand remains the major factor in this year's world oil demand growth. Despite the improved performance in late summer, recent data points to a contraction in demand in October.

It said growth in new vehicle sales could be seen in some of the OECD countries, as a result of various stimulus plans which have increased transport fuel consumption. However, a drop in industrial fuel usage is keeping total oil demand unchanged. While non-OECD demand has shown a steady performance in September, the decline in OECD consumption is offsetting this increase.

"Although certain signs are indicating stronger oil demand, weak consumption in the

US, along with a declining dollar, is likely to suppress a positive performance in oil demand in the fourth quarter."

Hence, world oil demand is forecast to show a decline of 1.4m b/d in 2009 to average 84.3m b/d, unchanged from last month.

Demand for OPEC crude in 2009 has been revised up by around 70,000 b/d to currently stand at 28.7m b/d, reflecting mainly the upward revision in global demand, as non-OPEC supply remains almost unchanged.

However, this still represents a considerable decline of 2.3m b/d from the previous year. The first half experienced negative growth of around 3.0m b/d, compared with the same period last year, while the decline is seen narrowing in the second half to show a loss of only 1.1m b/d in the fourth quarter.

**Demand for OPEC crude in 2010 is projected to average 28.5m b/d, representing an upward revision of 110,000 b/d from the previous assessment.**

Demand for OPEC crude in 2010 is projected to average 28.5m b/d, representing an upward revision of 110,000 b/d from the previous assessment, as world oil demand was revised up and non-OPEC supply remains unchanged.

Required OPEC crude is forecast to decline by 200,000 b/d, following two consecutive annual declines. The first half of the year is still showing a drop of 400,000 b/d, while the second half is estimated to see positive growth of around 100,000 b/d, indicating a sign of recovery.

Along with the economic slowdown, higher gasoline prices have had a minor effect on US consumption, putting October demand at a negative 4.4 per cent y-o-y. Gasoline usage, which has been growing rapidly since June to reach as high as 6.7 per cent in September, flattened out in October.

The same slowing trend applies to all products, especially industrial ones. The economic slowdown has badly eroded US oil demand for both this year and the last. It is expected that total US oil consumption will end the year with a massive decline totalling 650,000 b/d.

The report said both Canada and Mexico are in the same situation with consumption in both countries forecast to be in the red this year. However, Mexican oil demand stopped its five-month decline and managed to inch up in September.

North America oil demand growth is forecast to decline by 700,000 b/d y-o-y in 2009 to average 23.4m b/d.

Despite a new car sales increase in Europe, as a result of various stimulus plans, the continent's oil demand is still on the decline. The European Big Four (Germany, France, Italy and the United Kingdom) are responsible for the majority of the decline in Europe's oil consumption.

The report said the United Kingdom is embarking on four new scenarios to reduce emissions and increase dependency on biofuels. If adopted, these long-term scenarios would not only increase UK energy consumers' bills by as much as 25 per cent, but also boost food prices. The high expenditures are attributable to subsidized investments, which cost tax payers 100bn euros.

However, it noted that the economic crisis in the European Union is worse than expected. With an estimated negative GDP of 3.9 per cent, EU oil demand is estimated to decline by the same percentage.

Given this dim picture of the European economy, OECD Europe oil demand growth was revised down by another 50,000 b/d to show a total decline of 600,000 b/d y-o-y in 2009.

As a result of the continuous decline in oil demand, Japan's September oil imports showed a double digit decline, reaching minus 18 per cent y-o-y. The country's oil consumption declined by 280,000 b/d in September following minor growth in August. Japan's monthly oil demand has seen a massive decline which bottomed out last February at minus 1.2m b/d.

Japan's oil demand has been on the decline for the past few years. In addition to the current economic crisis, other factors are playing a major role in the country's energy usage, such as efficiency programmes, a movement to smaller vehicles and an aging population. Japan's oil demand for this year is forecast to decline by nine per cent, following a five per cent decline in 2008.

Contrary to Japan, South Korea has been showing increased oil demand since last June and this trend has been sufficient to offset the decline seen in the first half of the year. South Korea's oil demand is expected to grow by 35,000 b/d this year.

As a result of the decline in Japan's oil demand, OECD Pacific regional oil demand is forecast to decline by 400,000 b/d in 2009 to average 7.6m b/d.

Indian oil demand grew by 3.9 per cent y-o-y in September, half of what was seen in the previous month. Indian oil demand is in line with the country's GDP. The country's oil demand is forecast to grow by 140,000 b/d to average 3m b/d in 2009.

Taiwan's oil demand is flattening out, following a steep decline in the first seven months of the year. Oil demand in the country is forecast to decline by 57,000 b/d in 2009.

Similarly, Singapore's oil demand is expected to be flat in the fourth quarter, but with a decline of 55,000 b/d for the whole year.

Given better-than-expected Asian oil consumption, Other Asia oil demand was revised up slightly to average 9.5m b/d in 2009, indicating growth of 110,000 b/d.

A slight slowdown in Iran's oil demand in the third and fourth quarters was offset by stronger oil demand in Saudi Arabia, keeping total Middle East oil demand intact.

Saudi oil demand, the largest in the region, is estimated to grow by 100,000 b/d in the fourth quarter. Middle East oil demand is estimated to grow by three per cent, or 200,000

b/d, in 2009, which is almost half of what was seen in the previous year.

Given the strong Asian performance, oil demand growth in the Developing Countries is forecast at 400,000 b/d y-o-y in 2009 to average 25.6m b/d.

Despite a four per cent decline in the Brazilian economy, the country's oil demand is forecast to grow slightly in 2009. Due to a strong 22 per cent expansion in alcohol energy usage, the country's oil demand grew by 0.7 per cent in September. Brazilian oil usage averaged 1.8m b/d in the first three quarters of this year.

Argentina's oil demand contracted in September, following positive growth in August. Reduced industrial manufacturing activities caused oil demand to fall by 3.5 per cent. Argentina's consumption will improve slightly, evening out the decline seen early in the year.

Chinese apparent oil demand for September exceeded all expectations. Although the country's apparent oil demand grew dramatically, the growth related to actual consumption is estimated at 500,000 b/d y-o-y. The rest is used to fill the country's strategic storage.

Due to better-than-expected economic activities, China's oil demand was revised up by 50,000 b/d to show total growth of 170,000 b/d in 2009. China's economic stimulus plans have pushed the country's oil demand up in the second half of the year. The flood of spending has also supported a double digit increase in new car registrations.

Other Europe oil demand has been on the decline for the whole year. The region's decline in energy consumption bottomed out in the first half; however, it is expected to reduce this decline by half later in the year.

Bulgaria – one of the largest consuming countries in Other Europe – saw its oil demand dip by 44 per cent in August, with most of the loss in transport fuel. Other Europe oil demand is expected to decline by 4.2 per cent, or 30,000 b/d, to average 760,000 b/d in 2009.

Looking at 2010, the OPEC report said global oil demand next year is forecast to grow by 750,000 b/d to average 85.1m b/d.

"Although most signs are pointing toward higher oil demand, the downward risk factors are weighing on the forecast. The low base in world oil demand in 2009 is suggesting a stronger increase in oil demand growth for 2010. However, a potentially weak economic recovery, along with higher oil prices, are the two main factors that may dampen world oil demand in the coming year," it said.

The report maintained that should prices increase and be sustained above the current level, oil demand growth will be pushed down by more than one per cent in the OECD countries. Given current oil prices, recent improvement in the GDP forecasts for both OECD and Developing Countries could push oil demand growth 500,000 b/d higher next year.

Although Japan's oil consumption is expected to cut its losses in half next year, as a result of growth in transport fuel, the country's industrial fuel usage is likely to continue its downward trend. Should oil prices maintain current levels, Japanese transport fuel next year is expected to show unusual growth of two per cent.

## World oil supply

Preliminary figures indicate that global oil supply increased by 700,000 b/d to average 85.35m b/d in October. Non-OPEC supply experienced growth of 660,000 b/d, while OPEC crude supply also moved slightly higher. The share of OPEC crude oil in global production decreased slightly in October to 34 per cent. The estimate is based on preliminary data for non-OPEC supply, estimates for OPEC NGLs and OPEC crude production from secondary sources.

Meanwhile, non-OPEC supply in 2009 is expected to grow by 410,000 b/d over the previous year to average 50.86m b/d, unchanged from the previous month.

Although the growth and average remain the same, various minor upward and downward revisions were introduced to the supply estimates of individual countries. There were more positive revisions than negative ones, but the negative adjustments represented a greater volume. Hence, the overall outlook for non-OPEC supply remains flat.

Many of the revisions came to reflect updates to actual production figures in the second and third quarters, which were on the negative side. However, fourth quarter revisions were positive to better accommodate the return from maintenance in many producing areas, as well as to adjust for various output improvements reflected in the healthy level of supply shown in preliminary October data. On a quarterly basis, non-OPEC supply in 2009 stands at 50.95m b/d, 50.54m b/d, 50.75m b/d and 51.21m b/d, respectively.

**Preliminary figures indicate that global oil supply increased by 700,000 b/d to average 85.35m b/d in October.**

Total OECD oil supply is forecast to decline by 110,000 b/d over 2008 to average 19.49m b/d in 2009, representing a minor upward revision of 6,000 b/d from last month's report. Second and third quarter supply estimates encountered downward revisions, while the fourth quarter forecast experienced an upward adjustment.

North America's oil supply forecast was revised slightly down, while Western Europe and OECD Pacific forecasts were revised up, with the latter slightly outweighing the downward revision.

The OECD North America oil supply forecast experienced a minor downward revision of 7,000 b/d, compared with the previous month. The revisions came mainly to adjust for actual production data. North American oil supply is now expected to increase by 150,000 b/d over the previous year to average 14.08m b/d

in 2009. On a quarterly basis, OECD supply in 2009 stands at 19.91m b/d, 19.19m b/d, 19.29m b/d and 19.59m b/d, respectively.

The US is anticipated to add 450,000 b/d of oil to non-OPEC supply in 2009, where production is projected to average 7.95m b/d. The forecast supply growth is the highest among all non-OPEC countries and indicates a minor annual upward revision of 11,000 b/d from the previous month.

"The healthy level of production witnessed in the past months, as well as the rapid ramping up of various Gulf of Mexico fields, all support the strong growth expectations," said the report.

**Africa's oil supply is forecast to average 2.73m b/d in 2009, a minor decline of 2,000 b/d over a year ago, and relatively unchanged from the previous month.**

Preliminary data for October shows US total supply standing at 8.12m b/d, slightly higher than in the previous month.

Canadian oil supply is expected to average 3.17m b/d in 2009, a decline of 9,000 b/d over 2008, and a downward revision of 28,000 b/d from the previous month. The second, third and fourth quarter supply estimates experienced downward revisions partially on the back of adjustments to actual production.

Mexico's oil supply is expected to drop by 210,000 b/d over the previous year to average 2.96m b/d in 2009, indicating a minor upward revision of 9,000 b/d on an annual level, compared with the previous month's report.

OECD Western Europe's oil supply is projected to decline by 270,000 b/d over a year ago to average 4.78m b/d in 2009, representing a minor upward revision of 8,000 b/d from last month's report. Adjustment to actual production figures in the third quarter negatively affected the forecast, while the positive adjustment to the fourth quarter outweighed the downward effect. OECD Western Europe supply is expected to show quarterly figures in 2009 of 5.11m b/d, 4.70m b/d, 4.54m b/d and 4.78m b/d, respectively.

Oil production from Norway is forecast to decline by 110,000 b/d over the previous year to average 2.39m b/d in 2009, indicating a minor downward revision of 7,000 b/d from a month earlier.

UK oil supply is expected to average 1.49m b/d in 2009, representing a decline of 8,000 b/d over 2008, and an upward revision of 9,000 b/d from last month's report.

Other Western Europe supply is estimated to decline by 6,000 b/d in 2009 to average 670,000 b/d, representing an upward revision of around 7,000 b/d from the previous month to adjust for actual production data.

The OECD Asia Pacific's oil supply is forecast to remain flat over a year earlier and average 630,000 b/d in 2009, indicating a minor upward revision of 5,000 b/d from last month's report. On a quarterly basis, this region's total oil supply this year is estimated to average 640,000 b/d, 610,000 b/d, 650,000 b/d and 630,000 b/d, respectively.

Oil supply from Australia is estimated to increase by 1,000 b/d over the previous year to average 540,000 b/d in 2009, representing a minor upward revision of 5,000 b/d from a month earlier. The minor revision was introduced to adjust for actual production data in the third quarter, which was partially carried over to the fourth quarter.

Oil supply from the Developing Countries is expected to grow by 150,000 b/d over a year earlier to average 12.49m b/d in 2009, representing a downward revision of 13,000 b/d from last month's report. The forecast growth is expected to only come from Latin America, while supply from Other Asia, the Middle East and Africa is expected to decline. On a quarterly basis, total oil supply in this group of countries this year is seen averaging 12.48m b/d, 12.48m b/d, 12.47m b/d and 12.54m b/d, respectively.

Oil supply from Other Asia is seen declining by 3,000 b/d over the previous year to average 3.71m b/d in 2009, representing a downward revision of 18,000 b/d compared with a month earlier. Supply forecasts for Brunei, Indonesia, Malaysia, and Vietnam experienced minor downward revisions. On a quarterly basis, Other Asia supply in 2009 is expected to average 3.71m b/d, 3.70m b/d, 3.70m b/d and 3.75m b/d, respectively.

Latin America's oil supply is seen increasing by 240,000 b/d over the previous year to average 4.43m b/d in 2009, virtually unchanged from a month earlier. Despite no change, there were minor upward and downward revisions among the countries. The supply forecasts of Argentina and Trinidad and Tobago encountered minor downward revisions, while Brazil and Colombia supply forecasts experienced upward revisions. On a quarterly basis, Latin American supply in 2009 stands at 4.41m b/d, 4.44m b/d, 4.43m b/d and 4.46m b/d, respectively.

Middle East oil supply is expected to drop by 4,000 b/d over a year earlier to average 1.62m b/d in 2009, relatively flat from the previous month. Oman's oil supply forecast experienced an upward revision, while Syria's oil supply experienced a minor downward revision. On a quarterly basis, Middle East oil supply this year is expected to average 1.63m b/d, 1.62m b/d, 1.60m b/d and 1.62m b/d, respectively.

Africa's oil supply is forecast to average 2.73m b/d in 2009, a minor decline of 2,000 b/d over a year ago, and relatively unchanged from the previous month. Oil production from Congo and Gabon are expected to grow in 2009, while supply from Chad and Equatorial Guinea is estimated to decline. The quarterly distribution average for this year now stands at 2.73m b/d, 2.73m b/d, 2.74m b/d and 2.71m b/d, respectively.

Former Soviet Union (FSU) oil supply is forecast to expand by 330,000 b/d over the previous year to average 12.90m b/d in 2009, indicating a minor upward revision of 8,000 b/d from last month. On a quarterly basis, total

oil supply in the FSU this year is expected to average 12.63m b/d, 12.90m b/d, 12.98m b/d.

Russian oil supply is projected to grow by 110,000 b/d over a year earlier to average 9.89m b/d in 2009, indicating a minor upward revision of 8,000 b/d from last month. The healthy production level in the third quarter – which represented record-high output levels for each month – required an upward revision which was partially carried over to the fourth quarter. On a quarterly basis, Russian oil supply this year is estimated to average 9.78m b/d, 9.88m b/d, 9.97m b/d and 9.95m b/d, respectively. Preliminary figures indicate that Russia's oil output stood at 10.07m b/d in October, higher than in the previous month.

Oil production from Kazakhstan is anticipated to average 1.53m b/d in 2009, indicating growth of 120,000 b/d over a year earlier and an upward revision of 15,000 b/d from the previous month. Kazakh supply is expected to increase in the fourth quarter on the back of some fields returning from maintenance.

Azerbaijan's oil supply is estimated to increase by 120,000 b/d over the previous year to average 1.03m b/d in 2009, representing a downward revision of 14,000 b/d from a month earlier. The quarterly breakdown for this year now stands at 940,000 b/d, 1.08m b/d, 1.02m b/d and 1.07m b/d, respectively.

Oil supply from China is expected to increase by 2,000 b/d over a year ago to average 3.86m b/d in 2009, unchanged from the previous month. Quarterly figures for 2009 are seen to average 3.80m b/d, 3.86m b/d, 3.89m b/d and 3.90m b/d, respectively.

Other Europe oil supply is seen to decline slightly by 1,000 b/d to average 140,000 b/d in 2009.

Turning to 2010, the OPEC report said non-OPEC supply next year is forecast to grow by 360,000 b/d to average 51.23m b/d, indicating a minor upward revision of 17,000 b/d from the previous month's report. On a quarterly basis, non-OPEC supply in 2010 is expected to average 51.32m b/d, 50.94m b/d, 51.00m b/d and 51.64, respectively.

The forecast for US oil supply in 2010 was revised up by around 30,000 b/d, while the Australian supply projection experienced an upward revision of 10,000 b/d. Vietnam's oil supply forecast was revised down by 22,000 b/d for 2010, while Colombia's supply was revised up by 23,000 b/d. Oman's oil supply forecast for 2010 was revised up slightly, while Brazil remains the country with the highest expected growth in 2010. Russia's oil supply is projected to remain relatively flat next year, yet with a very high associated level of uncertainty.

## OPEC oil production

Total OPEC crude oil production in October averaged 28.99m b/d, an increase of 40,000 b/d over the previous month, according to available secondary sources. Minor increases came from Kuwait, Nigeria and Angola, while small decreases were experienced in Venezuela and Iraq. OPEC crude production, not including Iraq, stood at 26.52m b/d in October, an increase of 50,000 b/d over the previous month.

Meanwhile, output of OPEC NGLs and non-conventional oils are expected to average 4.78m b/d in 2009, representing growth of 460,000 b/d over the previous year. In 2010, OPEC production of NGLs is forecast to average 5.33m b/d, an increase of 550,000m b/d over the current year.

## Downstream activity

Looking downstream, the OPEC report said product market sentiment improved slightly in October, due to stock-draws in the US, increasing freight movements and relative higher demand from the industrial sectors.

"However, increasing crude costs have overwhelmed positive developments on product prices and exerted pressure on refining margins, especially in the Atlantic Basin," it commented.

"Although a cold winter may provide support for product markets and encourage refiners to increase runs in the next months, excessive distillate stock levels may affect refinery operations and crude stock movements in the future. The persistent bearish sentiment in the distillates market may also have an adverse effect on crude fundamentals," it added.

Refining margins for WTI crude on the US Gulf Coast dropped by 84¢ to $2.28/b in October from $3.12/b a month earlier. This was mainly attributed to the high cost of throughputs.

**Total OPEC crude oil production in October averaged 28.99m b/d, an increase of 40,000 b/d over the previous month, according to available secondary sources.**

The European refinery performance was also poorer than the previous month. Refining margins for Brent crude in Rotterdam slid by $2.04 to $1.88/b in October from $3.92/b the previous month.

However, Dubai crude oil margins in Singapore improved by $1.93 to reach $1.98/b from as low as 5¢/b in September. This was partly attributed to higher demand from the industrial sectors.

"Despite improving refining margins in Asia in October, these are still unhealthy and may not be enough justification for further refinery runs and project expansion in the region," observed the report.

It said that, looking ahead, the recent positive developments in product demand, in tandem with growing optimism about the world economic recovery, combined with higher seasonal demand for distillates, may provide support for the market.

"But, as mentioned earlier, an overhang in distillate barrels, both onshore and offshore, along with idle refining capacity, are still major constraint factors for a sharp improvement in product markets and refinery operations."

The report said refinery throughputs usually increase in the second half of October, in order to meet higher demand for the winter season. However, distillate stock-builds in the last months at primary, secondary and tertiary storage depots across the board have changed the typical seasonal pattern of refinery operations and encouraged refiners to trim their operation levels as much as economically feasible.

"As mentioned, the recent positive developments in the product markets, and the impending winter season, may encourage refiners to increase their throughputs in the coming months, but due to ample distillate stocks, it is not expected that they will follow the typical pattern," maintained the report.

**Japan's average crude oil imports for the first three quarters of 2009 were estimated at 3.61m b/d, 15 per cent, or 648,000 b/d, lower compared with the same period a year ago.**

Refinery utilization rates in the US slipped by 3.8 per cent in October, compared with the previous month, to reach 81.9 per cent, while, in Europe, refinery utilization rates are estimated to have improved marginally by 0.6 per cent to reach 81.2 per cent from 80.6 per cent the previous month.

In Asia, refinery throughputs in China are still high, but remained subdued in other countries. Refinery utilization rates in Japan increased to 81.3 per cent in October from around 80 per cent the previous month.

"Looking ahead, with the arrival of the winter season and the almost completion of autumn maintenance schedules, refinery operation levels are expected to increase in the coming months. But, amid ample stocks of middle distillates, refinery utilization rates will most likely not increase sharply over the next months."

Unseasonable gasoline stock-draws have provided support for US product markets and encouraged domestic refiners to switch their operational mode in favour of gasoline output. This has also tempted traders to fix arbitrage cargoes from Europe. This positive development has lifted gasoline prices both in the futures and physical markets.

## Oil trade

According to preliminary data, US crude oil imports declined in October to average 8.71m b/d, some seven per cent, or 600,000 b/d, lower than in the previous month and about 15 per cent, or 1.5m b/d, below the figure recorded for the same month a year ago.

With October crude imports, US average imports for the first ten months of 2009 amount to 9.27m b/d, five per cent, or 520,000 b/d, lower compared with the same period a year earlier.

Similarly, US product imports declined in October by one per cent, or 24,000 b/d, from the previous month to average 2.59m b/d, 21 per cent, or 700,000 b/d, lower than in the same month last year.

Finished motor gasoline imports stood at 191,000 b/d, around 20,000 b/d higher than a month earlier and 37 per cent lower than in October 2008. Average gasoline imports during the first ten months of 2009 were put at 250,000 b/d, 30 per cent lower than in the same period a year earlier.

Distillate fuel oil imports in October were gauged at 179,000 b/d, steady compared with both the previous month and a year earlier. Average distillate fuel oil imports during the first ten months of 2009 were estimated at 39,000 b/d, or 19 per cent, higher than in the same period the previous year.

Residual fuel oil imports in October stood at 314,000 b/d, compared with 303,000 b/d the previous month, and 293,000 b/d in the same month a year ago. Average residual fuel oil imports during the first ten months of 2009 were steady at 355,000 b/d, compared with the same period last year.

Jet fuel imports in October averaged 90,000 b/d, down from 104,000 b/d the previous month.

US product exports were two per cent lower in October, compared with the previous month, averaging 1.86m b/d. This volume of product exports is about 24 per cent, or 356,000 b/d, higher compared with a year earlier. US product exports during the first ten months of 2009 averaged 1.76m b/d, two per cent, or 37,000 b/d, lower compared with the same period a year ago.

As a result, US net oil imports in October were six per cent, or 600,000 b/d, lower compared with the previous month, averaging 9.41m b/d. This was the result of lower net crude oil imports, while net product imports were steady, compared with the previous month. October's net oil imports were 21 per cent lower compared with a year earlier and average net oil imports during the first ten months of 2009 stood at 10.26m b/d, eight per cent lower than in the same period last year.

According to official Japanese data, Japan's crude oil imports declined by about eight per cent, or 299,000 b/d, in September to average 3.28m b/d and by 19 per cent compared with the same month a year earlier. This marked 12 months in a row that Japan's crude oil imports have declined on a y-o-y basis.

At the same time, Japan's average crude oil imports for the first three quarters of 2009 were estimated at 3.61m b/d, 15 per cent, or 648,000 b/d, lower compared with the same period a year ago.

Similarly, Japan's product imports declined in September by 61,000 b/d, or eight per cent, compared with the previous month, to average 1.11m b/d, displaying an annual decline of 16 per cent, compared with the same month a year earlier.

Japan's product exports in September were four per cent, or 27,000 b/d, higher than in the previous month and six per cent higher compared with the same month a year earlier, averaging 755,000 b/d.

Japan's net oil imports in September stood at about 3.62m b/d, indicating a decline of 387,000 b/d, or ten per cent, compared with the previous month and 20 per cent compared with a year earlier. Net crude imports were lower by 299,000 b/d and net product imports were down by 88,000 b/d. Japan's net oil imports during the first three quarters of 2009 stood at 3.98m b/d, 16 per cent, or 751,000 b/d, lower compared with the same period a year ago.

Saudi Arabia was Japan's top crude oil supplier in September, supplying about 980,000 b/d, or 30 per cent, of Japan's total crude oil imports in the month, down from 990,000 b/d the previous month. The UAE supplied 720,000 b/d in September, down from 770,000 b/d a month earlier, while Qatar supplied 350,000 b/d, compared with 450,000 b/d the previous month.

Altogether, OPEC Member Countries supplied 2.79m b/d, or 85.1 per cent, of Japan's crude oil imports in September, down from 3.08m b/d the previous month.

According to official Chinese data, the country's crude oil imports declined in September for the second month in a row to average 4.2m b/d, about 163,000 b/d, or four per cent, lower than the previous month, yet indicating a 15 per cent, or 530,000 b/d, increase over the same month last year.

China's crude oil imports for the first three quarters of 2009 averaged 3.92m b/d, 300,000 b/d, or eight per cent, higher compared with the same period last year.

In contrast, China's product imports increased in September by ten per cent, or 82,000 b/d, from the previous month to average 900,000 b/d, 19 per cent higher than in the same month a year ago. Jet fuel imports in September were about 125,000 b/d, steady compared with the previous month.

China's fuel oil imports in September averaged 346,000 b/d, compared with 352,000 b/d the previous month. Venezuela supplied about 78,000 b/d of China's fuel oil imports in September, followed by South Korea with 60,000 b/d and Japan with 51,000 b/d.

Average imports of fuel oil during the first three quarters of 2009 were put at 475,000 b/d, 17 per cent higher compared with the same period last year. Imports of LPG in September averaged 110,000 b/d, up from 69,000 b/d the previous month.

China's crude oil exports in September were gauged at 95,000 b/d, compared with 131,000 b/d the previous month. For the first three quarters of 2009, China exported an average of 110,000 b/d of crude oil, compared with 62,000 b/d during the same period a year ago.

On the other hand, China's product exports in September were put at 590,000 b/d, seven per cent lower than in the previous month, but 43 per cent higher compared with September 2008. Average product exports for the first three quarters of 2009 were about 550,000 b/d, indicating an increase of 37 per cent, or 149,000 b/d, compared with the same period last year.

With net crude oil imports of 4.11m b/d and net product imports of 320,000 b/d, China's net oil imports in September were put at 4.43m b/d, steady compared with the previous month and 14 per cent higher compared with the same month a year earlier. Average net oil imports for the first three quarters of 2009 were estimated at 4.31m b/d, three per cent, or 143,000 b/d, higher than during the same period last year.

Saudi Arabia was China's top crude oil supplier in September, supplying about 900,000 b/d, or 18 per cent, of China's total crude imports, up from 580,000 b/d in August. Iran supplied 320,000 b/d, down from 460,000 b/d, the previous month. Altogether, OPEC Member Countries supplied China with about 2.76m b/d, or 58 per cent, of its crude oil imports in September, down from 2.82m b/d the previous month.

According to preliminary data, India's crude oil imports increased for the second month in a row in September by about 130,000 b/d, or five per cent, compared with the previous month, to average 2.77m b/d. September crude imports were 260,000 b/d higher, compared with the same month a year ago. India's crude oil imports during the first nine months of 2009 averaged 2.6m b/d, just one per cent higher than in the same period a year earlier.

Similarly, India's product imports increased in September by 63,000 b/d, or seven per cent, compared with the previous month, to average 240,000 b/d, 19 per cent lower, compared with a year earlier.

**Saudi Arabia was China's top crude oil supplier in September, supplying about 900,000 b/d, or 18 per cent, of China's total crude imports.**

India's total product exports of 591,000 b/d in September were 122,000 b/d, or 26 per cent, higher than in the previous month and 22 per cent lower, compared with a year earlier. For the first nine months of 2009, India exported an average of 550,000 b/d of products, down by 215,000 b/d, or 28 per cent, compared with average product exports of 760,000 b/d seen during the same period a year ago.

As a result, India's net oil imports in September averaged 2.42m b/d, displaying an increase of three per cent, or 71,000 b/d, compared with the previous month, and 18 per cent higher than in the same month last year. Net crude oil imports rose by 130,000 b/d, while net product imports fell by 59,000 b/d. India's net oil imports for the first nine months of 2009 averaged 2.36m b/d, a gain of five per cent over the same period last year.

According to preliminary data, FSU crude oil exports rebounded in September, increasing by 178,000 b/d, or three per cent, from the previous month to average 6.69m b/d. The country's crude oil exports in September averaged 3.9m b/d, indicating an increase of 29,000 b/d over the previous month and higher by 64,000 b/d from the same month last year.

During the first three quarters of 2009, FSU crude oil exports averaged 6.69m b/d, about

178,000 b/d, or three per cent, higher, compared with the same period last year. Caspian exports increased by 97,000 b/d, CPC exports by 79,000 b/d and BTC exports by 103,000 b/d. During the same period, Russian crude oil exports averaged 3.98m b/d, steady with the previous month, but one per cent higher than in the same period last year.

FSU petroleum product exports increased in September by 59,000 b/d to average 2.84m b/d, compared with 2.78m b/d in August. FSU product exports declined by 63,000 b/d, or two per cent, during the first three quarters of 2009, compared with the same period last year, to average 2.95m b/d.

**US commercial oil inventories fell by 19.4m b in October to stand at 1,089m b, the largest draw since December 2007.**

In total, FSU crude oil and product exports averaged 9.53m b/d in September, some 237,000 b/d higher than in the previous month. September's FSU total exports were 1.23m b/d, or 15 per cent, higher than a year earlier. For the first three quarters of 2009, total FSU crude and product exports averaged 9.56m b/d, indicating an increase of 446,000 b/d, or five per cent, over the same period last year.

## Stock movements

Concerning stock movements, the OPEC report said that US commercial oil inventories fell by 19.4m b in October to stand at 1,089m b, the largest draw since December 2007. Gasoline and distillates accounted for more than 10m b of the draw.

"The decline was also considerable compared with the seasonal change, as inventories usually remain stable at this period of time. As a result, the overhang with the five-year average dropped below 70m b, down from 114m b in March," it said.

Crude oil inventories moved against the seasonal trend, falling by 1.7m b to stand slightly below 336m b. With the exception of September, when they rose by 400,000 b, crude oil stocks have been declining since May. Crude stocks lost more than 34m b over the previous six months of this year, compared with an increase of 32m b in the same period last year.

Consequently, the stock overhang narrowed to 22m b, the lowest seen so far this year and less than half the level of January 2009, which remains the highest for the first ten months of this year. Again, the fall in US crude oil stocks was due to lower imports.

On the other hand, declining imports and lower production from refineries let product inventories fall by 17.7m b, with the main components – distillates and gasoline – accounting for almost 60 per cent of the figure. Gasoline stocks lost more than 6m b, offsetting the build seen in the previous month, but remained very comfortable for this period of time at slightly above 208m b.

Distillate inventories reversed their six-month upward trend and fell by 4.3m b. However, at more than 167m b, distillate stock levels remain substantial with a very comfortable overhang of 40m b, or 30 per cent above the five-year average and last year's level.

Similarly, weak demand let jet fuel oil inventories continue to hover well above the upper end of the five-year range, implying an overhang of 20 per cent, despite a draw of 600,000 b.

Residual fuel oil stocks remained unchanged at 35.1m b, but stayed below the five-year average.

All the main components of US commercial oil stocks were very healthy considering the weak demand. At the end of the month, crude oil stocks represented almost 24 days of forward cover, compared with a seasonal average of 21 days. Gasoline stocks corresponded to 23.1 days, as against 21.7 days, while distillates represented 47 days, as against 30 days.

The US Strategic Petroleum Reserve (SPR) remained unchanged at 725.1m b for the second consecutive month, an all-time high and very close to the total capacity of 727m b.

Preliminary data shows that Japan's commercial oil inventories fell by a further 9m b in October with crude oil accounting for half of this decline.

| Table A: World crude oil demand/supply balance | | | | | | | | | | | | | | | *m b/d* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **World demand** | **2004** | **2005** | **2006** | **2007** | **2008** | **1Q09** | **2Q09** | **3Q09** | **4Q09** | **2009** | **1Q10** | **2Q10** | **3Q10** | **4Q10** | **2010** |
| **OECD** | 49.5 | 49.8 | 49.5 | 49.2 | 47.6 | 46.6 | 44.4 | 45.5 | 46.9 | 45.8 | 46.2 | 44.2 | 45.4 | 46.9 | 45.7 |
| North America | 25.4 | 25.6 | 25.4 | 25.5 | 24.2 | 23.5 | 22.9 | 23.3 | 24.0 | 23.4 | 23.7 | 23.1 | 23.6 | 24.3 | 23.7 |
| Western Europe | 15.5 | 15.7 | 15.7 | 15.3 | 15.3 | 14.9 | 14.2 | 14.8 | 15.1 | 14.8 | 14.6 | 14.0 | 14.7 | 14.9 | 14.6 |
| Pacific | 8.5 | 8.6 | 8.5 | 8.4 | 8.1 | 8.1 | 7.3 | 7.3 | 7.8 | 7.6 | 7.9 | 7.1 | 7.2 | 7.7 | 7.5 |
| **Developing countries** | 21.8 | 22.6 | 23.3 | 24.3 | 25.2 | 25.2 | 25.9 | 25.8 | 25.6 | 25.6 | 25.7 | 26.4 | 26.4 | 26.1 | 26.2 |
| **FSU** | 3.8 | 3.9 | 4.0 | 4.0 | 4.1 | 3.8 | 3.7 | 4.1 | 4.2 | 4.0 | 3.9 | 3.7 | 4.2 | 4.2 | 4.0 |
| **Other Europe** | 0.9 | 0.9 | 0.9 | 0.8 | 0.8 | 0.8 | 0.7 | 0.8 | 0.8 | 0.8 | 0.8 | 0.7 | 0.8 | 0.8 | 0.8 |
| **China** | 6.5 | 6.7 | 7.2 | 7.6 | 8.0 | 7.6 | 8.4 | 8.5 | 8.1 | 8.1 | 7.9 | 8.7 | 8.8 | 8.4 | 8.4 |
| **(a) Total world demand** | **82.5** | **83.9** | **84.9** | **86.0** | **85.7** | **84.0** | **83.1** | **84.7** | **85.5** | **84.3** | **84.5** | **83.7** | **85.6** | **86.5** | **85.1** |
| **Non-OPEC supply** | | | | | | | | | | | | | | | |
| **OECD** | 21.3 | 20.5 | 20.2 | 20.1 | 19.6 | 19.9 | 19.2 | 19.3 | 19.6 | 19.5 | 19.5 | 19.2 | 19.0 | 19.4 | 19.3 |
| North America | 14.6 | 14.1 | 14.2 | 14.3 | 13.9 | 14.2 | 13.9 | 14.1 | 14.2 | 14.1 | 14.2 | 14.0 | 14.0 | 14.2 | 14.1 |
| Western Europe | 6.2 | 5.7 | 5.4 | 5.2 | 5.0 | 5.1 | 4.7 | 4.5 | 4.8 | 4.8 | 4.7 | 4.6 | 4.4 | 4.6 | 4.6 |
| Pacific | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 |
| **Developing countries** | 11.6 | 11.9 | 12.0 | 12.1 | 12.3 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.7 | 12.7 | 12.8 | 12.9 | 12.8 |
| **FSU** | 11.1 | 11.5 | 12.0 | 12.5 | 12.6 | 12.6 | 12.9 | 13.0 | 13.1 | 12.9 | 13.1 | 13.1 | 13.1 | 13.2 | 13.1 |
| **Other Europe** | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| **China** | 3.5 | 3.6 | 3.7 | 3.8 | 3.8 | 3.8 | 3.9 | 3.9 | 3.9 | 3.9 | 3.9 | 3.9 | 3.9 | 3.9 | 3.9 |
| **Processing gains** | 1.8 | 1.9 | 1.9 | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| **Total non-OPEC supply** | 49.6 | 49.6 | 50.0 | 50.6 | 50.4 | 50.9 | 50.5 | 50.8 | 51.2 | 50.9 | 51.3 | 50.9 | 51.0 | 51.6 | 51.2 |
| **OPEC NGLS and non-conventionals** | 3.7 | 3.9 | 3.9 | 4.0 | 4.3 | 4.6 | 4.6 | 4.9 | 5.0 | 4.8 | 5.1 | 5.3 | 5.4 | 5.5 | 5.3 |
| **(b) Total non-OPEC supply and OPEC NGLS** | **53.3** | **53.5** | **53.9** | **54.6** | **54.8** | **55.5** | **55.2** | **55.6** | **56.2** | **55.6** | **56.4** | **56.2** | **56.4** | **57.2** | **56.6** |
| **OPEC crude supply and balance** | | | | | | | | | | | | | | | |
| **OPEC crude oil production**[1] | 29.6 | 30.7 | 30.5 | 30.2 | 31.2 | 28.5 | 28.5 | 28.9 | | | | | | | |
| Total supply | 82.9 | 84.2 | 84.4 | 84.8 | 86.0 | 84.0 | 83.7 | 84.5 | | | | | | | |
| **Balance**[2] | 0.3 | 0.3 | -0.6 | -1.2 | 0.3 | 0.0 | 0.6 | -0.2 | | | | | | | |
| **Stocks** | | | | | | | | | | | | | | | |
| **OECD closing stock level** *m b* | | | | | | | | | | | | | | | |
| Commercial | 2538 | 2585 | 2667 | 2567 | 2702 | 2747 | 2760 | 2738 | | | | | | | |
| SPR | 1450 | 1487 | 1499 | 1524 | 1527 | 1547 | 1561 | 1562 | | | | | | | |
| Total | 3988 | 4072 | 4166 | 4091 | 4229 | 4294 | 4321 | 4300 | | | | | | | |
| Oil-on-water | 905 | 954 | 919 | 951 | 965 | 900 | 902 | 850 | | | | | | | |
| **Days of forward consumption in OECD** | | | | | | | | | | | | | | | |
| Commercial onland stocks | 51 | 52 | 54 | 54 | 59 | 62 | 61 | 58 | | | | | | | |
| SPR | 29 | 30 | 30 | 32 | 33 | 35 | 34 | 33 | | | | | | | |
| **Total** | 80 | 82 | 85 | 86 | 92 | 97 | 95 | 92 | | | | | | | |
| **Memo items** | | | | | | | | | | | | | | | |
| FSU net exports | 7.3 | 7.7 | 8.0 | 8.5 | 8.5 | 8.8 | 9.2 | 8.8 | 8.9 | 8.9 | 9.2 | 9.3 | 8.9 | 9.0 | 9.1 |
| **[(a) – (b)]** | **29.2** | **30.4** | **31.1** | **31.4** | **30.9** | **28.5** | **27.9** | **29.0** | **29.2** | **28.7** | **28.1** | **27.5** | **29.2** | **29.3** | **28.5** |

1. *Secondary sources.*
2. *Stock change and miscellaneous.*

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

***Table 1*** *above, prepared by the Secretariat's Petroleum Studies Department, shows OPEC's current forecast of world supply and demand for oil and natural gas liquids.*

*The monthly evolution of spot prices for selected OPEC and non-OPEC crudes is presented in* ***Tables 1 and 2*** *on page 70 while* ***Graphs 1 and 2*** *(on page 71) show the evolution on a weekly basis.* ***Tables 3 to 8****, and the corresponding graphs on pages 72–73 show the evolution of monthly average spot prices for important products in six major markets. (Data for Tables 1–8 is provided courtesy of Platt's Energy Services.)*

## Table 1: OPEC Reference Basket crude oil prices, 2008–2009

$/b

| Crude/Member Country | 2008 Oct | Nov | Dec | 2009 Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Weeks 40–44 (week ending) Oct 2 | Oct 9 | Oct 16 | Oct 23 | Oct 30 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Arab Light** – Saudi Arabia | 69.14 | 50.09 | 38.82 | 41.23 | 40.87 | 46.39 | 50.91 | 57.45 | 69.01 | 64.92 | 71.42 | 67.64 | 73.36 | 66.37 | 68.54 | 72.91 | 77.24 | 76.77 |
| **Basrah Light** – Iraq | 67.99 | 49.11 | 37.27 | 39.47 | 39.66 | 44.94 | 51.18 | 56.47 | 68.18 | 64.32 | 70.73 | 67.30 | 72.63 | 65.95 | 67.78 | 72.36 | 76.66 | 75.90 |
| **Bonny Light** – Nigeria | 74.57 | 56.11 | 43.10 | 45.44 | 45.07 | 49.70 | 52.24 | 57.87 | 69.55 | 66.31 | 73.84 | 68.74 | 74.41 | 67.25 | 69.44 | 73.98 | 78.83 | 77.73 |
| **Es Sider** – SP Libyan AJ | 71.22 | 51.86 | 39.60 | 42.74 | 42.37 | 46.35 | 50.24 | 56.87 | 68.15 | 64.51 | 72.89 | 67.44 | 72.71 | 65.79 | 67.74 | 72.28 | 77.13 | 76.03 |
| **Girassol** – Angola | 70.63 | 51.76 | 40.30 | 43.43 | 43.33 | 46.98 | 49.72 | 57.36 | 68.92 | 65.02 | 72.66 | 67.69 | 72.97 | 66.21 | 68.18 | 72.51 | 77.11 | 76.30 |
| **Iran Heavy** – IR Iran | 66.33 | 47.55 | 36.88 | 39.93 | 39.91 | 44.52 | 50.10 | 56.02 | 68.16 | 64.79 | 71.53 | 66.43 | 72.54 | 65.19 | 67.63 | 71.96 | 76.46 | 76.13 |
| **Kuwait Export** – Kuwait | 65.88 | 47.13 | 36.47 | 40.00 | 40.34 | 44.91 | 50.16 | 57.93 | 68.73 | 64.74 | 70.97 | 66.45 | 72.50 | 65.21 | 67.69 | 71.95 | 76.28 | 76.06 |
| **Marine** – Qatar | 68.94 | 50.58 | 41.24 | 44.62 | 43.74 | 46.58 | 50.82 | 58.09 | 69.94 | 65.31 | 72.02 | 68.44 | 73.61 | 66.97 | 68.91 | 73.14 | 77.29 | 76.99 |
| **BCF-17*** – Venezuela | 65.86 | 40.37 | 31.65 | | | | | | | | | | | | | | | |
| **Merey*** – Venezuela | | | | 37.39 | 38.76 | 39.59 | 43.73 | 52.95 | 61.81 | 60.11 | 65.78 | 62.88 | 66.90 | 61.17 | 62.83 | 66.27 | 70.52 | 69.86 |
| **Minas** – Indonesia[1] | 76.80 | 56.48 | 41.80 | | | | | | | | | | | | | | | |
| **Murban** – UAE | 71.52 | 53.05 | 43.15 | 46.27 | 44.71 | 47.75 | 52.33 | 59.58 | 71.50 | 66.80 | 73.51 | 69.79 | 75.06 | 68.01 | 70.32 | 74.61 | 78.97 | 78.42 |
| **Oriente** – Ecuador | 60.57 | 40.17 | 29.56 | 35.12 | 35.83 | 42.45 | 42.41 | 53.56 | 63.62 | 58.10 | 65.26 | 63.67 | 68.57 | 62.03 | 64.11 | 68.98 | 72.25 | 71.02 |
| **Saharan Blend** – Algeria | 73.02 | 53.86 | 41.35 | 43.89 | 44.07 | 48.40 | 51.69 | 57.27 | 69.15 | 65.21 | 72.94 | 67.84 | 73.36 | 66.29 | 68.39 | 72.93 | 77.78 | 76.68 |
| **OPEC Reference Basket** | **69.16** | **49.76** | **38.60** | **41.54** | **41.41** | **45.78** | **50.20** | **56.98** | **68.36** | **64.59** | **71.35** | **67.17** | **72.67** | **65.75** | **67.88** | **72.21** | **76.64** | **76.03** |

## Table 2: Selected OPEC and non-OPEC spot crude oil prices, 2008–2009

$/b

| Crude/country | 2008 Oct | Nov | Dec | 2009 Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Weeks 40–44 (week ending) Oct 2 | Oct 9 | Oct 16 | Oct 23 | Oct 30 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Minas** – Indonesia[1] | | | | 44.98 | 45.04 | 49.06 | 54.11 | 61.69 | 72.71 | 67.23 | 75.88 | 70.25 | 76.43 | 69.07 | 71.25 | 76.14 | 80.34 | 80.20 |
| **Arab Heavy** – Saudi Arabia | 63.48 | 44.94 | 34.38 | 38.31 | 39.41 | 43.76 | 49.48 | 55.69 | 68.74 | 64.80 | 71.03 | 66.16 | 72.35 | 64.92 | 67.54 | 71.74 | 76.04 | 75.99 |
| **Brega** – SP Libyan AJ | 72.87 | 53.31 | 40.95 | 43.89 | 43.52 | 47.25 | 51.24 | 57.87 | 69.05 | 65.31 | 73.24 | 67.79 | 73.06 | 66.14 | 68.09 | 72.63 | 77.48 | 76.38 |
| **Brent** – North Sea | 71.87 | 52.51 | 40.35 | 43.59 | 43.07 | 46.55 | 50.44 | 57.27 | 68.55 | 64.61 | 72.84 | 67.39 | 72.76 | 65.78 | 67.79 | 72.33 | 77.18 | 76.08 |
| **Dubai** – UAE | 67.82 | 49.84 | 40.46 | 43.94 | 43.09 | 45.59 | 50.10 | 57.48 | 69.41 | 64.82 | 71.36 | 67.74 | 73.15 | 66.09 | 68.31 | 72.59 | 76.87 | 76.81 |
| **Ekofisk** – North Sea | 74.31 | 54.77 | 41.47 | 45.83 | 44.51 | 47.28 | 50.65 | 58.48 | 69.62 | 65.55 | 73.36 | 68.31 | 73.71 | 66.50 | 68.79 | 73.33 | 78.05 | 77.08 |
| **Iran Light** – IR Iran | 70.81 | 51.72 | 40.03 | 42.33 | 41.31 | 46.10 | 49.69 | 56.53 | 68.24 | 64.93 | 72.64 | 67.55 | 72.86 | 66.07 | 68.12 | 72.37 | 76.98 | 76.21 |
| **Isthmus** – Mexico | 71.96 | 49.77 | 37.27 | 40.15 | 39.39 | 46.98 | 50.38 | 58.51 | 68.52 | 63.70 | 71.04 | 67.16 | 72.91 | 66.13 | 67.87 | 72.73 | 77.18 | 76.16 |
| **Oman** -Oman | 68.34 | 50.04 | 40.91 | 44.28 | 43.52 | 45.83 | 50.16 | 57.59 | 69.47 | 65.08 | 71.59 | 68.27 | 73.34 | 66.70 | 68.57 | 72.68 | 77.01 | 76.95 |
| **Suez Mix** – Egypt | 67.57 | 48.86 | 36.66 | 40.08 | 39.44 | 42.89 | 46.26 | 54.33 | 65.35 | 62.15 | 69.53 | 64.35 | 69.83 | 62.84 | 64.92 | 69.43 | 74.10 | 73.20 |
| **Tia Juana Light**[2] – Venez. | 69.58 | 47.44 | 35.26 | 38.86 | 38.60 | 45.52 | 49.32 | 57.34 | 67.08 | 62.68 | 69.83 | 66.22 | 71.74 | 65.15 | 66.79 | 71.57 | 75.94 | 74.94 |
| **Urals** – Russia | 70.51 | 51.79 | 40.03 | 43.09 | 42.32 | 45.65 | 49.05 | 56.85 | 68.38 | 64.85 | 72.27 | 67.09 | 72.67 | 65.70 | 67.77 | 72.32 | 76.91 | 76.01 |
| **WTI** – North America | 76.62 | 57.12 | 41.45 | 41.50 | 39.08 | 48.00 | 49.82 | 59.21 | 69.68 | 64.23 | 71.05 | 69.34 | 75.73 | 68.79 | 71.03 | 75.75 | 79.87 | 78.50 |

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

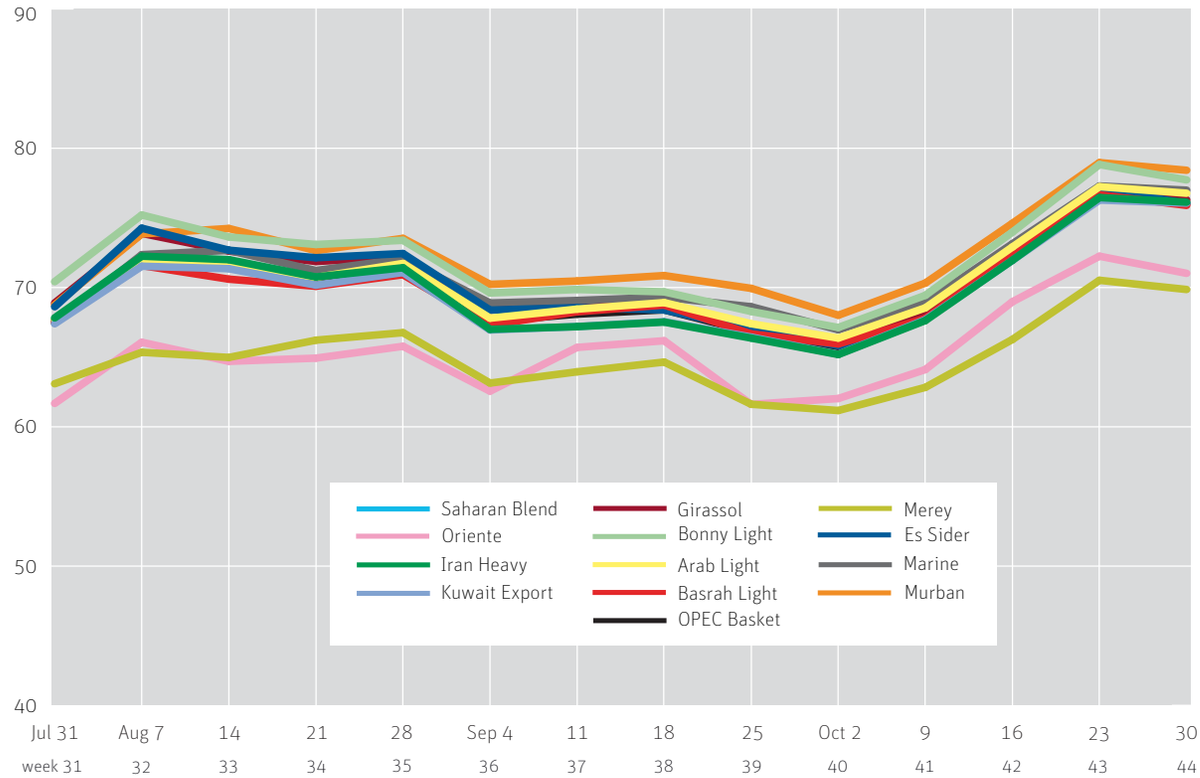
* *Upon the request of Venezuela, and as per the approval of the 111th ECB, BCF-17 has been replaced by Merey as of January 2009. The ORB has been revised as of this date.*

1. *Indonesia suspended its OPEC Membership on December 31, 2008.*
2. *Tia Juana Light spot price = (TJL netback/Isthmus netback) x Isthmus spot price.*

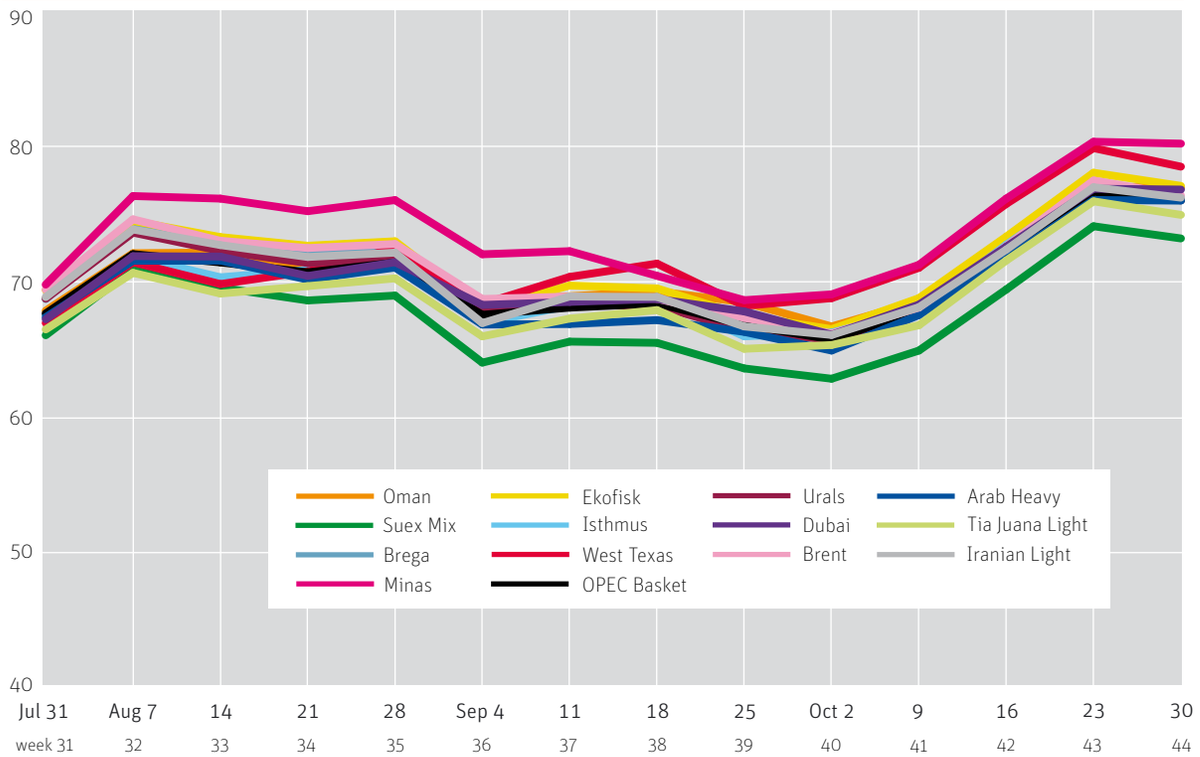
*Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.*

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

**Graph 1: Evolution of the OPEC Reference Basket crudes (2009)** *$/b*




**Graph 2: Evolution of spot prices for selected non-OPEC crudes (2009)** *$/b*

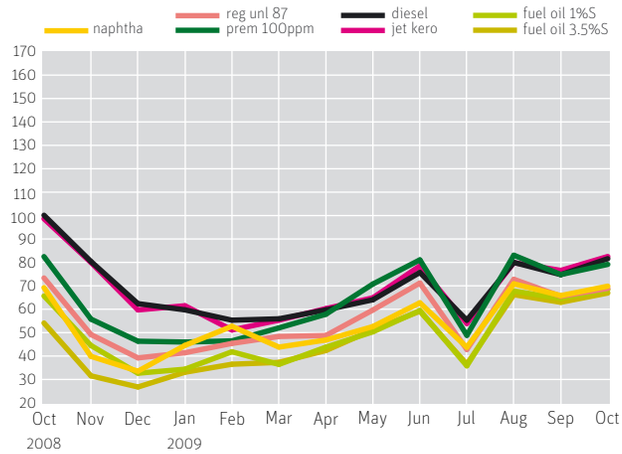



*Note: As per the decision of the 109th ECB (held in February 2008), the OPEC Reference Basket (ORB) has been recalculated including the Ecuadorian crude Oriente retroactive as of October 19, 2007. As per the decision of the 108th ECB, the basket has been recalculated including the Angolan crude Girassol, retroactive January 2007. As of January 2006, monthly averages are based on daily quotations (as approved by the 105th Meeting of the Economic Commission Board). As of June 16, 2005 (ie 3W June), the ORB has been calculated according to the new methodology as agreed by the 136th (Extraordinary) Meeting of the Conference. As of January 2009, the ORB excludes Minas (Indonesia).*
*Upon the request of Venezuela, and as per the approval of the 111th ECB, BCF-17 has been replaced by Merey as of January 2009. The ORB has been revised as of this date.*

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

*$/b*

| | | naphtha | regular gasoline unleaded | premium gasoline 10ppm | diesel ultra light | jet kero | fuel oil 1%S | fuel oil 3.5%S |
|---|---|---|---|---|---|---|---|---|
| 2008 | October | 69.93 | 73.35 | 82.47 | 100.14 | 98.62 | 65.66 | 54.11 |
| | November | 39.46 | 49.17 | 55.76 | 80.37 | 79.94 | 44.50 | 31.53 |
| | December | 33.42 | 39.20 | 46.32 | 62.37 | 59.69 | 32.66 | 26.77 |
| 2009 | January | 45.08 | 41.39 | 45.97 | 59.71 | 61.47 | 34.37 | 33.07 |
| | February | 52.90 | 45.38 | 46.47 | 55.31 | 51.12 | 41.81 | 36.49 |
| | March | 43.93 | 48.35 | 52.01 | 55.89 | 55.32 | 36.42 | 37.28 |
| | April | 46.56 | 48.76 | 57.84 | 59.71 | 60.24 | 43.79 | 42.34 |
| | May | 52.04 | 59.65 | 70.75 | 64.02 | 64.86 | 50.33 | 51.18 |
| | June | 62.64 | 71.17 | 81.06 | 75.68 | 78.46 | 59.45 | 59.13 |
| | July | 44.30 | 42.78 | 48.82 | 55.31 | 53.88 | 35.80 | 36.49 |
| | August | 70.93 | 72.77 | 83.05 | 79.98 | 79.88 | 67.77 | 66.20 |
| | September | 65.86 | 65.54 | 74.80 | 74.76 | 76.56 | 64.51 | 62.95 |
| | October | 69.84 | 68.88 | 79.15 | 81.59 | 82.52 | 68.34 | 66.92 |

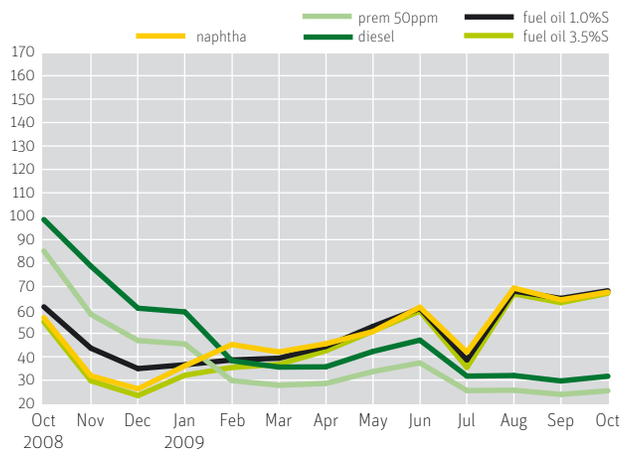



*Note: Prices of premium gasoline and diesel from January 1, 2008, are with 10 ppm sulphur content.*

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

*$/b*

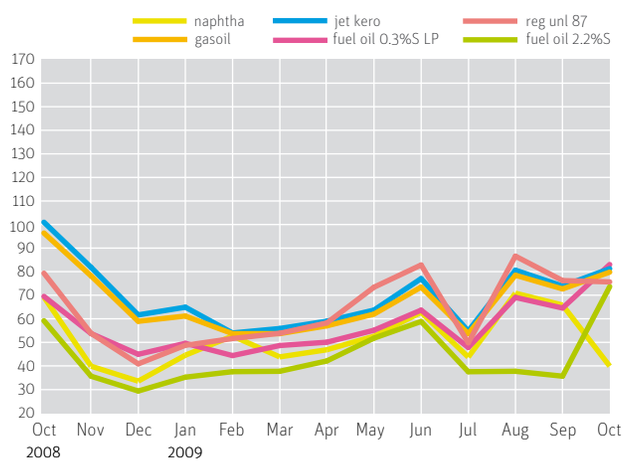
| | | naphtha | premium gasoline 50ppm | diesel ultra light | fuel oil 1%S | fuel oil 3.5%S |
|---|---|---|---|---|---|---|
| 2008 | October | 56.67 | 84.00 | 98.56 | 61.31 | 54.87 |
| | November | 31.86 | 56.96 | 78.67 | 43.64 | 29.70 |
| | December | 26.29 | 45.78 | 60.72 | 34.94 | 23.42 |
| 2009 | January | 36.11 | 44.30 | 59.14 | 36.58 | 32.11 |
| | February | 45.21 | 28.66 | 38.26 | 38.63 | 35.42 |
| | March | 42.05 | 26.66 | 35.59 | 39.37 | 36.74 |
| | April | 45.57 | 27.46 | 35.69 | 44.42 | 42.54 |
| | May | 50.74 | 32.51 | 42.25 | 52.93 | 50.93 |
| | June | 61.16 | 36.23 | 47.09 | 60.64 | 59.47 |
| | July | 41.92 | 24.42 | 31.74 | 38.63 | 35.42 |
| | August | 69.32 | 24.55 | 31.98 | 68.04 | 66.86 |
| | September | 64.30 | 22.77 | 29.66 | 64.92 | 63.10 |
| | October | 67.57 | 24.32 | 31.68 | 68.18 | 67.11 |




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

*$/b, duties and fees included*

| | | naphtha | regular gasoline unleaded 87 | gasoil | jet kero | fuel oil 0.3%S | fuel oil 2.2%S |
|---|---|---|---|---|---|---|---|
| 2008 | October | 70.82 | 79.45 | 96.49 | 101.07 | 69.60 | 59.27 |
| | November | 48.08 | 53.90 | 78.28 | 81.91 | 53.82 | 35.71 |
| | December | 33.23 | 40.96 | 59.02 | 61.73 | 45.01 | 29.42 |
| 2009 | January | 45.50 | 48.83 | 61.24 | 65.00 | 49.68 | 35.30 |
| | February | 47.87 | 51.70 | 53.77 | 54.07 | 44.46 | 37.64 |
| | March | 51.78 | 53.92 | 53.78 | 55.95 | 48.73 | 37.79 |
| | April | 52.44 | 58.33 | 57.09 | 59.07 | 50.14 | 42.19 |
| | May | 65.59 | 73.48 | 62.07 | 63.77 | 55.23 | 51.86 |
| | June | 74.76 | 82.92 | 73.54 | 77.14 | 63.76 | 58.94 |
| | July | 70.11 | 49.87 | 53.77 | 54.88 | 47.91 | 37.61 |
| | August | 75.26 | 86.67 | 78.58 | 80.71 | 69.14 | 37.80 |
| | September | 68.96 | 76.31 | 72.76 | 73.98 | 64.64 | 35.72 |
| | October | 75.65 | 79.80 | 81.26 | 83.04 | 73.65 | 39.89 |

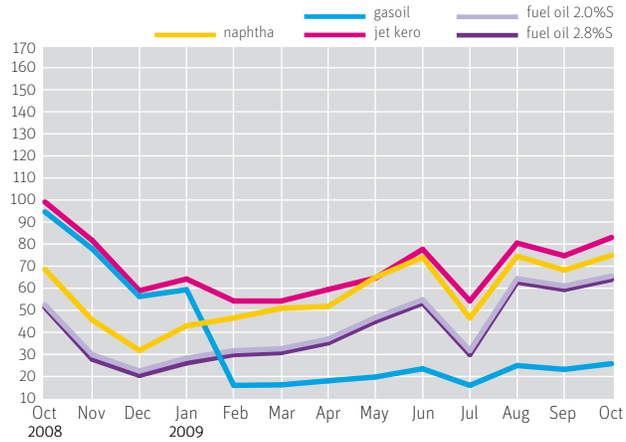



*Source: Platts. Prices are average of available days.*

## Table and Graph 6: Caribbean market — spot cargoes, fob

$/b

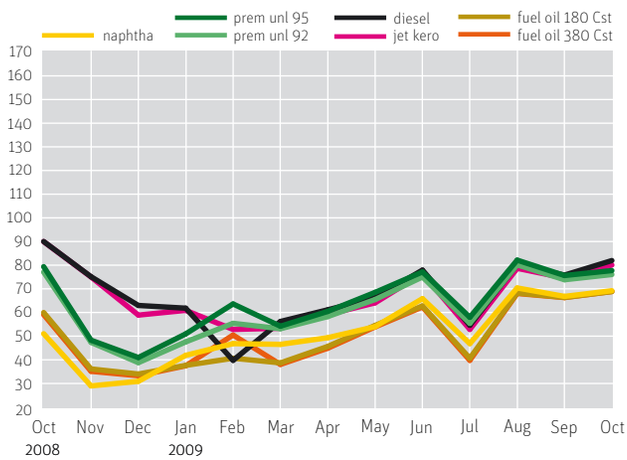
| | | naphtha | gasoil | jet kero | fuel oil 2%S | fuel oil 2.8%S |
|---|---|---|---|---|---|---|
| 2008 | October | 68.55 | 94.64 | 99.09 | 52.42 | 51.29 |
| | November | 45.60 | 77.88 | 81.69 | 29.85 | 27.83 |
| | December | 31.78 | 56.26 | 58.88 | 22.46 | 20.48 |
| 2009 | January | 42.95 | 59.33 | 64.18 | 28.28 | 29.92 |
| | February | 46.49 | 15.95 | 54.21 | 31.66 | 29.92 |
| | March | 50.87 | 16.19 | 54.18 | 32.55 | 30.83 |
| | April | 51.75 | 18.02 | 59.42 | 36.95 | 35.25 |
| | May | 64.97 | 19.75 | 64.62 | 46.72 | 45.02 |
| | June | 74.02 | 23.47 | 77.63 | 54.73 | 53.24 |
| | July | 46.49 | 15.95 | 54.21 | 31.66 | 29.92 |
| | August | 74.51 | 24.93 | 80.47 | 64.29 | 62.76 |
| | September | 68.22 | 23.20 | 74.72 | 60.96 | 59.45 |
| | October | 74.90 | 25.78 | 82.99 | 65.50 | 63.97 |




## Table and Graph 7: Singapore market — spot cargoes, fob

$/b

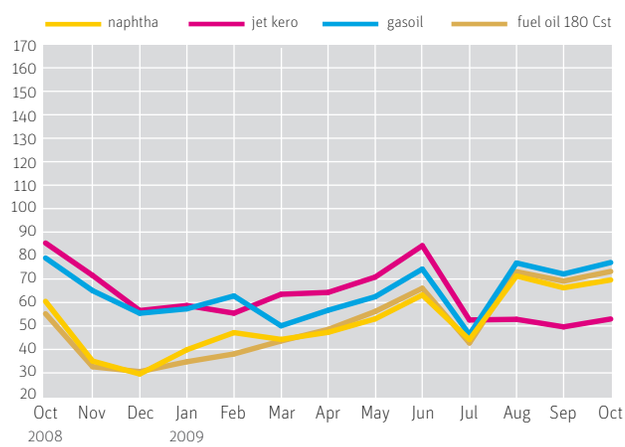
| | | naphtha | premium gasoline unl 95 | premium gasoline unl 92 | diesel ultra light | jet kero | fuel oil 180 Cst | fuel oil 380 Cst |
|---|---|---|---|---|---|---|---|---|
| 2008 | October | 51.04 | 79.38 | 77.07 | 90.00 | 89.97 | 59.99 | 59.08 |
| | November | 28.98 | 48.29 | 47.38 | 75.13 | 75.01 | 36.14 | 35.13 |
| | December | 30.90 | 40.97 | 38.80 | 62.97 | 58.90 | 34.00 | 33.27 |
| 2009 | January | 41.89 | 50.95 | 47.57 | 61.82 | 52.85 | 37.65 | 37.47 |
| | February | 46.84 | 63.61 | 55.42 | 39.76 | 52.85 | 40.66 | 50.48 |
| | March | 46.53 | 54.20 | 53.14 | 56.20 | 53.34 | 38.70 | 38.05 |
| | April | 49.35 | 60.46 | 58.27 | 61.14 | 59.10 | 45.66 | 44.90 |
| | May | 54.01 | 68.50 | 65.48 | 66.29 | 64.07 | 54.53 | 53.90 |
| | June | 65.86 | 77.15 | 75.01 | 77.92 | 76.45 | 62.77 | 62.34 |
| | July | 46.84 | 57.97 | 55.42 | 54.59 | 52.85 | 40.66 | 39.76 |
| | August | 70.37 | 82.13 | 80.13 | 80.34 | 78.67 | 68.23 | 68.03 |
| | September | 66.80 | 75.63 | 73.84 | 75.80 | 74.58 | 66.36 | 66.30 |
| | October | 69.20 | 77.71 | 76.05 | 81.95 | 80.07 | 68.85 | 68.86 |




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

$/b

| | | naphtha | gasoil | jet kero | fuel oil 180 Cst |
|---|---|---|---|---|---|
| 2008 | October | 60.48 | 78.97 | 85.35 | 55.21 |
| | November | 35.03 | 65.03 | 71.52 | 32.62 |
| | December | 29.53 | 55.41 | 56.56 | 30.54 |
| 2009 | January | 39.85 | 57.30 | 58.72 | 34.74 |
| | February | 47.16 | 62.80 | 55.44 | 38.07 |
| | March | 44.26 | 50.06 | 63.50 | 43.60 |
| | April | 47.28 | 56.69 | 64.29 | 48.51 |
| | May | 53.02 | 62.46 | 70.83 | 56.19 |
| | June | 63.19 | 74.25 | 84.21 | 66.06 |
| | July | 44.19 | 46.34 | 52.55 | 42.73 |
| | August | 71.30 | 76.83 | 52.83 | 73.11 |
| | September | 66.26 | 72.14 | 49.61 | 69.12 |
| | October | 69.61 | 77.04 | 52.97 | 73.24 |




*Source: Platts. Prices are average of available days.*

## Forthcoming events

**8th Annual gas storage outlook, January 13–14, 2010,** Houston, TX, USA. Details: Platts; 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.events.platts.com.

**International oil trading and price risk management, January 15–17, 2010,** Singapore. Details: Invincible Energy, Westport House, Bentley, Farnham, Surrey GU10 5HY, UK. Tel: +44 (0)1420 22862; fax: + 44 (0)1420 22863; email: learning@invincible-energy.com; website: www.invincible-energy.com/index.php/ITRM1.php.

**World future energy summit, January 18–21, 2010,** Abu Dhabi, UAE. Details: Reed Exhibitions FZ-LLC, Office 1908, 19th Floor, Al Thuraya Tower II, Dubai Media City, PO Box 502425, Dubai, UAE. Tel: +9714 364 2811; fax: +9714 369 7560; email: wellah.ellis@reedexpo.ae; website: www.worldfutureenergysummit.com/home.aspx.

**Global floating LNG summit, January 20–21, 2010,** 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: www.iqpc.co.uk.

**Oil and gas India conference and exhibition, January 20–22, 2010,** Mumbai, India. Details: Society of Petroleum Engineers, Suite B-11-11, Level 11, Block B, Plaza Mont'Kiara, Jalan Bukit Kiara, Mont'Kiara, 50480 Kuala Lumpur, Malaysia. Tel: +60 36201 2330; fax: +60 36201 3220; e-mail: spekl@spe.org; website: www.spe.org.

**3rd annual carbon trading, January 21–22, 2010,** Houston, TX, USA. Details: Platts; 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.events.platts.com.

**Natural gas dynamics, January 21–22, 2010,** Perth Australia. Details: Conference Connection Administrators Pte Ltd; 105 Cecil Street #07–02 The Octagon, 069534 Singapore. Tel: +65 6222 0230; fax: +65 6222 0121; e-mail: info@cconnection.org; website: www.cconnection.org.

**Natural gas dynamics, January 24–25, 2010,** Doha, Qatar. Details: Conference Connection Administrators Pte Ltd; 105 Cecil Street #07–02 The Octagon, 069534 Singapore. Tel: +65 6222 0230; fax: +65 6222 0121; e-mail: info@cconnection.org; website: www.cconnection.org.

**Deep gas conference and exhibition, January 24–26, 2010,** Manama, Bahrain. 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.

**MENA-EX 2010, international exhibition and forum for mineral exploration, investment and applications, January 24–26, 2010,** Jeddah, Saudi Arabia. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.thecwcgroup.com.

**Fuel poverty, January 25, 2010,** London, UK. Details: Energy Institute, 61 New Cavendish Street, London W1G 7AR, UK. Tel: +44 207 467 7116; fax: +44 207 580 2230; e-mail: jwarner@energyinst.org.uk; website: www.energyinst.org.uk.

**Renewable energy infrastructure, January 26–27, 2010,** Toronto, Canada. Details: Infonex Inc, 67 Richmond Street West, 7th Floor, Toronto, Ontario, M5H 1Z5, Canada. Tel: +1 416 971 4177 or +1 800 474 4829; fax: +1 800 558 6520; email: register@infonex.ca; website: www.infonex.ca/906/overview.shtml.

**European gas conference 2010, January 26–28, 2010,** Vienna, Austria. Details: The Exchange Ltd, 5th Floor, 86 Hatton Garden, London EC1N 8QQ, UK. Tel: +44 207 067 1800; fax: +44 207 242 2673; e-mail: marketing@theenergyexchange.co.uk; website: www.theenergyexchange.co.uk.

**Renewable energy finance and infrastructure summit, January 27–29, 2010,** Vienna, Austria. Details: Jacob Fleming Group, Rossellon 174–176 Ent. 1a 080 36, Barcelona, Spain. Tel: +34 934 524 27; fax: +34 934 510 532; e-mail: karina.gusalova@jacobfleming.com; website: www.jacobfleming.com.

**10th annual Caribbean energy, January 28–29, 2010,** Palm Beach, Aruba, USA. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.events.platts.com.

**Condensate and naphtha forum, January 28–29, 2010,** Phuket, Thailand. Details: Conference Connection Administrators Pte Ltd, 105 Cecil Street #07–02 The Octagon, 069534 Singapore. Tel: +65 6222 0230; fax: +65 6222 0121; e-mail: info@cconnection.org; website: www.cconnection.org.

**3rd annual meeting on sour gas, January 31, 2010,** Abu Dhabi, UAE. Details: The Exchange Ltd, 5th Floor, 86 Hatton Garden, London EC1N 8QQ, UK. Tel: +44 207 067 1800; fax: +44 207 242 2673; e-mail: marketing@theenergyexchange.co.uk; website: www.theenergyexchange.co.uk.

**5th annual gas Arabia summit, January 31–February 3, 2010,** Abu Dhabi, UAE. Details: The Exchange Ltd, 5th Floor, 86 Hatton Garden, London EC1N 8QQ, UK. Tel: +44 207 067 1800; fax: +44 207 242 2673; e-mail: marketing@theenergyexchange.co.uk; website: www.theenergyexchange.co.uk.

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