



# Annual Report 2012

Organization of the Petroleum Exporting Countries





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## Contents

Foreword	i
The world economy	1
Oil market developments	11
Symposium on energy outlooks	29
The 5th OPEC International Seminar	31
Activities of the Secretariat	34
Heads of Delegation	54
Board of Governors	56
Economic Commission Board	56
Officials of the Secretariat	57
Secretary General's diary	58
Calendar 2012	60



**Abdalla Salem El-Badri**  
Secretary General

## Foreword

The year 2012 was one of transition for the world economy as some governments gradually began to withdraw the fiscal and monetary support they have been providing to assist in lifting their economies out of recession.

On its part, OPEC continued its efforts to support market stability, whether this was through the solid, pragmatic nature of the agreements reached at the two Meetings

of the Conference in June and December or through the Organization's unyielding commitment to dialogue among the principal stakeholders. While dialogue can come in diverse forms, two expressions of it stood out during the year. One was the second joint Symposium on Energy Outlooks in Riyadh in January, involving the International Energy Forum (IEF), the International Energy Agency (IEA) and OPEC. The other was the Fifth OPEC International Seminar in June, with its top-level representation from governments, intergovernmental organizations, industry, commerce and academia. Both events are featured in this year's Annual Report.

On the economic front, the global economy experienced a persistent deceleration since the beginning of the year, and this created much uncertainty in the market. The combination of an austerity-driven Eurozone, the weakening recovery in Japan and clear signs of a slowdown in major emerging economies provided the main factors behind this development. In light of all this, world oil demand growth forecasts for the year were revised down frequently. At the same time, on the other side of the marketing spectrum, non-OPEC supply and OPEC natural gas liquid output continued to perform well, outpacing demand growth.

This was reflected in oil prices too, which, in addition, felt the impact of geopolitical tensions and exceptional weather conditions from time to time. Indeed, during the year, there were several clear trends for oil prices.

There was a disturbingly high level of price volatility in the first half of the year. The price of our Reference Basket, which began the year at around US \$109 a barrel, rose to \$124/b in early March before falling below \$90/b in mid-June. At one stage, it lost \$9.65/b in just four days. The price then rallied in the weeks after the mid-year Meeting of our Conference, after an initial dip, going past \$110/b in mid-August and staying there for about a month, before slipping back a bit for the rest of the year. However, the Basket's average monthly price stayed within a range of around \$106–110/b for the final five months of the year.

Nevertheless, the market remained well supplied with crude at all times. OPEC as ever played a big part in ensuring this. It stood firm at both Meetings of its Conference, where, after carefully considering the oil outlook, it agreed to maintain a collective production level of 30 million barrels a day, in the interest of order and stability that would benefit all parties. What is more, these decisions contained an important rider, expressed in the following way in December: "In taking this decision, Member Countries confirmed that they will swiftly respond to developments that might have a detrimental impact on an orderly oil market."

Indeed, in spite of the fluctuating, uncertain scenarios, the optimism and determination displayed by our Member Countries to support the industry, both now and in the future, was not dampened. They continued to invest in and expand their supply capaci-

ties; 116 upstream projects worth about \$270 billion were in the planning stages or had already been undertaken for the 2012–16 time-frame. However, it is important to point out here that investment decisions and plans like this can be heavily influenced by such factors as the global economic situation, price volatility and unfavourable policy measures adopted elsewhere. In the face of such challenges, OPEC will continue to do what is best for the market.

OPEC's commitment to long-term planning and investment was undiminished too, and both the above-mentioned events in Riyadh and Vienna testified to this. The Riyadh symposium provided a valuable platform for the IEF, the IEA and OPEC to share insights and exchange views on market trends and short-, medium- and long-term energy outlooks, based upon the latest scenarios prepared by the latter two bodies with horizons extending to 2035. The central theme of the Vienna seminar was 'Petroleum: Fuelling Prosperity, Supporting Sustainability', and this opened broad debate among top international decision-makers and experts on a wide range of topical issues covering, among other things, global energy, oil specifically, the world economy, finance, investment, oil companies, technology, the environment and sustainable development.

However, these were just two of many other channels of dialogue in which OPEC engaged during the year, both in Vienna and in other international venues, in pursuit of greater market

stability. There were, for a start, two other joint meetings of the IEF, the IEA and OPEC, one focusing on the gas and coal market outlook and the other on the physical and financial energy markets. Other meetings included the Ninth European Union-OPEC Ministerial Dialogue, an OPEC-Russia Energy Roundtable and an OPEC/IEA Workshop on CO<sub>2</sub> for Enhanced Oil Recovery. In another field altogether, there was the First Annual Public Relations Workshop for Member Countries' National Oil Companies and Ministries of Petroleum.

The Secretariat participated in the latest round of United Nations-sponsored climate change negotiations, referred to as 'COP18/CMP8' and hosted by OPEC Member Country Qatar. The talks saw major advances with the ongoing process which is aimed at benefiting the global community at large. In preparation, OPEC organised special meetings and pre-

pared valuable support material for not just this event, but also the key 'Rio+20' meeting in Brazil in June, with its broader emphasis on sustainable development.

Without any doubt, 2012 was an important year for OPEC on many fronts, and our Organization rose to the challenge whenever this was necessary, in the interests of market stability and support for sound world economic growth. This was in line with our longstanding commitment to such objectives, dating back more than half a century.

As usual, the Organization could not have achieved so much without the constant support, hard work and commitment of its dedicated staff at the Secretariat. These men and women work round the clock, if need be, to ensure that OPEC meets its objectives, most notably oil market stability. I could not have asked for more loyal staff.



*Abdalla Salem El-Badri*  
*Secretary General*





# The world economy

The world economy experienced a relatively significant slowdown in 2012, compared to the previous two years. While the Group of Twenty (G20) orchestrated the global- and government-led fiscal and monetary support for the world economy in 2010 and 2011, the year 2012 turned out to be one of transition. The emphasis on fiscal assistance came to an end in the developed countries, while developing and emerging economies had to become very careful in order to not overheat, as exports and foreign investments from developed nations continued to provide broad monetary stimulus. Not only did fiscal spending in the developed economies come to an end, but major austerity measures were also introduced that had a slowing effect in 2012, pushing down the level of growth. This fiscal drag – in combi-

nation with muted private household consumption in the major OECD economies – was the major reason for the weaker global economic growth. Positively, this year of transition should provide the basis for a multi-year recovery in the medium term. After global GDP growth of 4.9 per cent in 2010 and 3.6 per cent in 2011, the rate decelerated to 3.0 per cent in 2012. While this seems to be a sharp drop, it is not much below the 25-year average for global growth, which stands at 3.2 per cent. However, it seems to be clearly below the current global growth potential. With the build-up of industrial infrastructure in the emerging and developing economies, growth potential today is certainly higher in the medium term on average. Reflecting unbalanced growth levels, the OECD economies

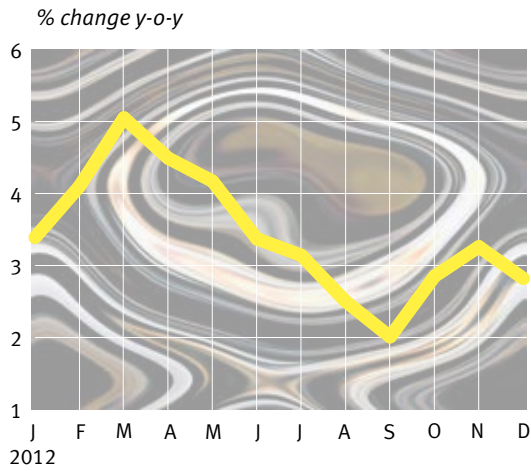
grew by only 1.3 per cent in 2012, compared with China's growth of 7.8 per cent, India's of 5.0 per cent and Russia's of 3.4 per cent. Only Brazil weakened considerably, growing by 0.9 per cent within the bracket of the developed economies. China, therefore, contributed around 1.1 percentage points – around a third – to global growth in 2012, while the OECD economies, which still comprise more than 50 per cent of global GDP output, effectively contributed only slightly more than 0.7 percentage points.

With reference to oil demand and as confirmation of the global economic slowdown, industrial production decelerated for most of the year and only in October did it start to recover from September's lows. However, in December it slowed again, with most of this deceleration coming from the advanced economies, a development that corresponded to the relatively weak GDP numbers in the fourth quarter of 2012 (4Q12) in most OECD economies. This yearly trend was in line with the global purchase manager's index (PMI), a leading indicator for future months' production, as provided by JP Morgan and Markit. While the PMI for manufacturing started above the level of 50 index points – the level that points to an expansion in the manufacturing sector – it declined in the first half of 2012 (1H12) and even moved below 50 for five consecutive months starting in June 2012. Only in December did it reach 50 index points again.

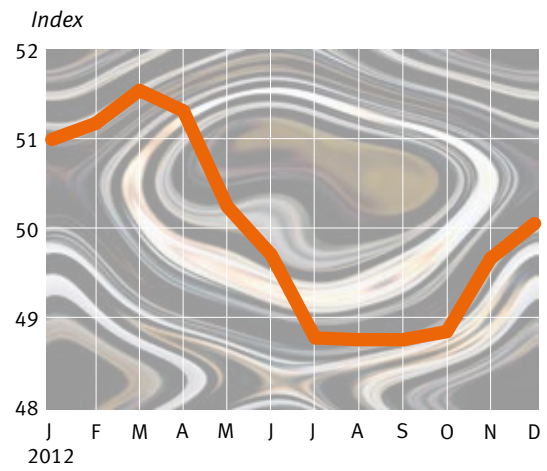
This lacklustre performance was mainly driven by the developed economies. Moreover, the negative effects of this trend were felt in two ways. First, domestic activity was lower in the developed economies and second, the trade channel had a negative effect on the emerging and developing economies.

The US dollar was relatively stable on foreign exchange markets compared to the euro on a yearly basis. However, during the year some volatility was apparent, driven mainly by sovereign debt developments in the Euro-zone, combined with actions taken by the European Central Bank (ECB) as well as the economic situation of the United States of America (US) together with the monetary easing of the Federal Reserve Board (Fed). While the Euro-zone's economy decelerated in 1H12, and the sovereign debt situation was dominated by issues in Italy and Spain, the US enjoyed at least some stability and relatively strong support through the Fed's monetary easing programmes. This general situation caused the euro to weaken versus the US dollar from its level of \$1.2905/€ on average in January to \$1.2284/€ in July. After that, and due to an improvement in the sovereign debt situation following an announcement by the ECB confirming its willingness to significantly support the ailing Euro-zone economies on a per-need basis, the euro gained value again and moved back above the \$1.30/€ level to end the year at \$1.3108/€. Compared to the Swiss franc, the US dollar was also relatively stable throughout the year. The major development within the currency sphere was certainly the year-end rally of the Japanese yen after that country's newly elected government announced that it will impose a two per cent inflation target and that it will do whatever is required to revive the economy via monetary easing. It considers the yen to be overvalued and damaging to the export-driven economy. While the yen started the year in January at a level of ¥76.978/\$, it finally moved again above the important ¥80.0/\$ level to close the year at a monthly average of ¥83.6/\$ in December.

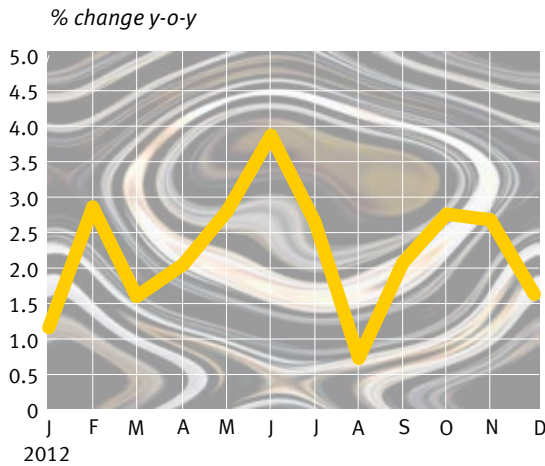
**Figure 1**  
Global industrial production



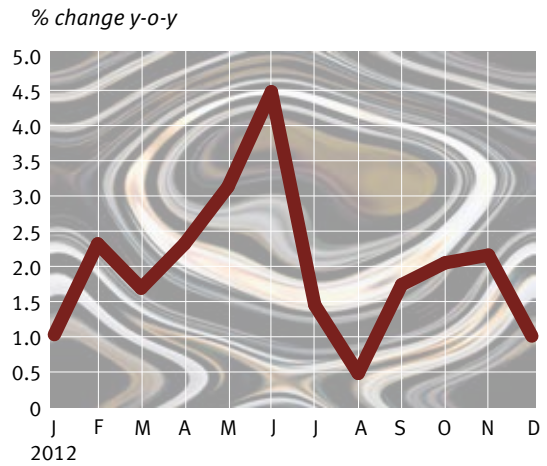
**Figure 2**  
Global manufacturing PMI



**Figure 3**  
World trade



**Figure 4**  
World exports



**Source**  
Haver Analytics.

### North America, Japan and the Euro-zone

The three major economic regions of the OECD experienced differing growth patterns over the

year. While the Euro-zone moved into recessionary territory in 2Q12 with GDP declining by 0.6 per cent in 2012, the US grew by 2.2 per cent and Japan moved to a level of 2.0 per cent, driven by governmental spending and private

reconstruction efforts after the triple disaster of 2011.

The US saw some lacklustre growth in 1H12, with 2.0 per cent annualised quarterly growth in 1Q12 and 1.3 per cent in 2Q12, but in a surprise leap rose to 3.1 per cent in 3Q12, only to move down in 4Q12 to 0.4 per cent. The high growth number in 3Q12 turned out to be mainly driven by defence spending, highlighting the economy's strong dependence on the governmental sector. Furthermore, discussions towards year end over major fiscal decisions such as raising the debt ceiling, approvals for the 2013 budget year and agreed-upon spending cuts also underline that, in general, the fiscal situation remains a major factor for the economy. The Fed also prolonged and increased its extraordinary monetary easing measures by putting more weight for economic support on the public sector. This continued support, in combination with ongoing recovery in private household spending, led to an improvement in most underlying indicators. The unemployment rate fell from 8.3 per cent at the beginning of the year to 7.9 per cent in December and consumer confidence improved consequently from 61.5 to 66.7 per cent, according to the Conference Board index. Industrial production increased by 3.8 per cent on an annual basis.

Japan's recovery benefited greatly from efforts by the government and private households alike. This push for growth was skewed, however, with the economy expanding by 6.1 per cent annualised quarterly growth in 1Q12, while landing in negative territory in the third and the fourth quarter; it grew by only 0.2 per cent in the last quarter of the calendar year. The sharpest decline was seen in 3Q12 at 3.8 per cent. Japan has experienced a sharp decline primarily in its vital export sector. Exports fell sharply by 2.9 per

cent in 2012, pushing industrial production down to 1.0 per cent. This, in combination with muted domestic demand, led to declining output after the 1Q12 recovery from the 2011 triple disaster. Finally, the country elected a new government at the end of the year, which made clear that it strongly supports the economy via a new fiscal stimulus plan of 10.3 trillion yen, additional monetary easing and an inflation target of two per cent, in combination with an aim to lower the value of the yen. Altogether, this should support an export revival, while increasing the import bill – hence increasing inflation – mainly for energy-related products that Japan started importing following the shutdown of most nuclear facilities after March 2011. The necessity of importing energy-related products also contributed to a large trade deficit in 2012, a development that is expected to continue.

The Euro-zone remained challenged in 2012, and while the quarterly output declined starting in 2Q12, the sovereign debt situation improved over the year, as can be seen in the yield development. Following an announcement by the European Central Bank (ECB) president that the institution will do whatever it takes to avoid the euro being challenged, yields for Spain and Italy – the two most affected ailing economies in the Euro-zone – improved significantly. In September, the European Stability Mechanism (ESM) was finally implemented after the German constitutional court confirmed the constitutionality of the mechanism's operation. The year 2012 also saw most of the focus on the sovereign debt crisis shift away from Greece to Spain and Italy, the fourth and third largest economies in the Euro-zone, respectively. Moreover, Italy constitutes the third biggest global sovereign

debt market with the weight to potentially impact the global economy in the case of severe market disruptions.

While this positive yield development in 2H12 allowed for some breathing space for the public sector, the real economy continued to suffer, a development that peaked in 4Q12 with a 0.6 per cent quarterly GDP decline. Despite the successful efforts of the ECB to backstop ailing economies, it failed to support the private sector. Credit supply by monetary financial institutions to the private sector constantly declined over the year and continued to comprise a significant drag to growth. On an annual base it declined by 1.4 per cent. This, in combination with

low domestic demand and a significant deceleration in exports in 2H12 – to some extent also triggered by the strong foreign exchange level of the euro – led to the unexpectedly large economic decline of the past year. Thus, while regained confidence in the financial sector and the sovereign debt sphere in the Euro-zone allowed for some performance improvements, the output of the real economy still has to follow.

### Developing and emerging economies

The soft global economic momentum in 2012 meant that emerging and developing econo-

**Table 1**  
**World economic growth rates, 2011–12** (% change over previous period)

	2011	2012
OECD	1.7	1.3
Other Europe	1.7	-0.3
Developing countries	4.3	3.9
Africa	0.1	5.0
Latin America and Caribbean	4.4	2.6
Asia and Oceania	5.4	4.1
Asia-Pacific	4.3	4.2
OPEC	2.1	5.3
China	9.3	7.8
FSU	5.1	3.4
<b>Total world</b>	<b>3.6</b>	<b>3.0</b>

**Sources**

Secretariat's estimates; OECD, *Main Economic Indicators*; OECD, *Economic Outlook*; International Monetary Fund (IMF), *World Economic Outlook*; IMF, *International Financial Statistics*.

mies held up better than the OECD economies, but they were also affected by this development. The Euro-zone's troubles have had a negative effect on economic growth in the Eastern European countries, Russia and the Commonwealth of Independent States (CIS). The CIS is the sub-region least affected, as its trade and investment links to Western Europe are less strong and its economies have reaped the benefit of high energy prices. However, even here there has been a marked slowdown, as exemplified by the sluggish performance of Russia – the region's largest economy – in the second half of 2012. Throughout the year, the recession and concern about the future of the Euro-zone acted as a brake on economic activity in Eastern Europe through declines in trade, investment and bank financing. Recession

in Europe also curbed foreign direct investment, some of which is normally debt-financed.

Weak Western growth affected Asian economies in 2012, as external demand has been a major factor behind economic growth in emerging Asia. The region's two largest economies, China and India, both decelerated in 2012. China's slowdown in particular had consequences for other countries in the region, given its size and role as a catalyst of regional and global growth. Even so, Asia will retain its status as the world's fastest growing region.

In Latin America, growth slowed rather significantly in 2012. Activity in the region was adversely affected by the debt crisis and recession in the Euro-zone, slower growth in China and the sluggish performance of the US

**Table 2**  
**Summary of macroeconomic performance of the 'BRIC' countries in 2012**

	<b>GDP growth rates</b>	<b>Consumer price index</b>	<b>Current account balance</b>	<b>Governmental fiscal balance</b>	<b>Net public debt</b>
		<i>% y-o-y change</i>	<i>US \$ bn</i>	<i>% of GDP</i>	<i>% of GDP</i>
<b>Brazil</b>	0.9	5.4	-54.2	-2.4	60.5
<b>Russia</b>	3.4	5.1	81.3	-0.1	7.7
<b>India</b>	5.0	9.3	-94.6	-5.0	49.3
<b>China</b>	7.8	2.6	222.6	-1.6	15.8

**Sources**

Source: OPEC Secretariat, Economist Intelligence Unit and Financial Times.

economy. Brazil – with around 40 per cent of regional GDP valued at market exchange rates – was among those economies most severely affected.

Similar to other regions, economic growth in the Middle East and North Africa was impacted in 2012 by Europe's recession and the general global economic slowdown. Ongoing geopolitical developments also affected the region. Expansionary fiscal policies, however, helped to sustain strong rates of growth in many of the region's oil exporting countries. In North Africa, exports of goods and services – tourism in particular – were hampered by weak European demand. As oil prices continued to stabilise at acceptable levels, stronger economic growth in the second half of the year was expected in the region.

### **Brazil, Russia, India and China**

The weak global environment had a negative impact on emerging markets across the globe, including Latin America and particularly Brazil. Latin American growth slowed for a second successive year in 2012. However, it is widely accepted that Latin America's economic slowdown in 2012 was a cyclical rather than structural phenomenon, as fundamentals in the region's economies remained strong.

Brazil's GDP growth rate in 2012 dropped to 0.9 per cent from 2.7 per cent in 2011. This came in the wake of the unprecedented policy easing cycle implemented by the central bank, which cut the benchmark interest rate from 12.5 per cent in August 2011 to 7.25 per cent in October 2012. The government and central bank indicated that they intend to maintain the Selic rate at 7.25 per cent for a prolonged period. It was claimed that

two structural changes justified sustained low interest rates in the economy; a fall in Brazil's neutral interest rate – the rate consistent with a monetary policy stance that is neither expansionary nor contractionary – and a decline in the non-accelerating inflation rate of unemployment (NAIRU). This policy change, if sustained, could also lead to increased lending in sectors where financial institutions were previously reluctant to operate, such as housing and real estate.

According to the Russian Ministry of Economic Development, real GDP growth in that country slowed between January–November 2012 to 3.5 per cent. For the year as a whole it is estimated that the Russian economy was in line with this forecast. This is the slowest rate of growth since 2009. In September 2012, agricultural output contracted 7.7 per cent, due to a severe drought which left crops depleted. In addition, fixed capital investment dropped for the first time in 18 months, causing a slowdown in China and recession in Europe, and persuading many firms to scale back spending. Investment grew by only 1.2 per cent on an annual basis, while industrial output rose by 1.9 per cent in November. Growth slowed in the second half of the year due to the effect of drought over the summer and weaker global activity. In December 2012, inflation reached 6.6 per cent over a year earlier, slightly above the central bank's target, but lower than market expectations. Food inflation made a small step up to 7.5 per cent on an annual basis, after staying at 7.3 per cent for three months. Household purchasing power was hit by pickup inflation throughout the third quarter, reflected by a drop in retail sales growth. Moreover, Russia's capital outflows were still significant in 2012, compared with those of most emerging

markets that usually register inflows. Russia's current account surplus in 2012, mainly due to favourable oil prices, has been a buffering factor for the country's capital outflow.

In India, the government pushed its mid-year economic analysis report for the fiscal year 2012–2013 (April 2012–March 2013) to December in parliament. The report sharply lowered the government's forecast for real GDP growth to a range of between 5.7 and 5.9 per cent from a previous forecast of 7.6 per cent. This revision was the result of sluggish activity in mining, farming and manufacturing. According to GDP estimates by the Central Statistics Office (CSO), Indian GDP

was expected to grow by only 5 per cent in the year to 31 March, down from 6.27 per cent the previous year. Indeed, India's economy decelerated for a fourth successive quarter in the third quarter of 2012, signalling a downward move in the long-term trend of the country's economic growth. This added to the challenges facing the government as it struggled to push controversial economic reforms through parliament. A major problem facing the Indian economy in 2012 was that, unlike many other emerging economies, India had little room for policy stimulus due to a huge budget deficit that amounted to 6.1 per cent of its GDP in 2012. The government stepped

**Table 3**  
**Comparison: OPEC and non-OPEC developing countries, 2011–12**

	2011		2012*	
	OPEC	Non-OPEC	OPEC	Non-OPEC
Real GDP growth rate (%)	2.1	4.3	5.3	3.9
Petroleum export value (US \$ bn)	1,138.6	368.2	1,235.3	405.3
Value of non-petroleum exports (US \$ bn)	319.7	3,003.1	349.5	2,909.6
Oil exports as percentage of total exports (%)	78.1	10.9	77.9	12.2
Value of imports (US \$ bn)	756.4	3,639.2	812.0	3,757.8
Current account balance (US \$ bn)	466.7	-56.8	471.4	-157.4
Average Reference Basket price (US \$/b)	107.5	-	109.5	-
Crude oil production (mb/d)	29.8	10.5	31.1	10.0
Reserves, excluding gold (US \$ bn)	1,121.2	2,547.0	1,296.0	2,654.9

\*2012 data are preliminary estimates.

**Note**

Figures are partly estimated. Non-OPEC DCs do not include China, the FSU and Russia, in line with the ECB country groupings.

**Sources**

IMF, *International Financial Statistics*; IMF, *World Economic Outlook*; EIU, *country reports*; World Bank *Development Indicators*; OPEC *Annual Statistical Bulletin*; OPEC database; OPEC Secretariat estimates.



up efforts to rein in the budget deficit, but reducing the budget deficit in the short term could be hard to achieve. Although policymakers and lawmakers were increasingly concerned about a ballooning budget deficit in 2012 and its adverse effects on economic growth, elevated inflation levels made it very difficult to push for bold and far-reaching fiscal reform, such as the short-term raising of subsidised fuel prices and privatisation of government-owned companies.

China's macroeconomic indicators improved in the last quarter of 2012, moving GDP growth in 2012 to 7.8 per cent. Not only did total industrial sales revenue grow to 10.3 per cent com-

pared to one year ago, but total industrial profits rose 0.5 per cent over the first 10 months of the year. Among the major industrial enterprises, industrial profits in the state-owned sector fell 9.2 per cent during January–October 2012, while sales revenue rose by 5.3 per cent over one year ago. In contrast, industrial profits for domestic private enterprise continued to perform well, up 17 per cent over a year ago in October, with sales revenue rising 16.8 per cent y-o-y. For much of 2012, weakening corporate earnings significantly constrained corporate capital expenditure and overall fixed investment growth. In addition to signs of improvement from the bottom up in the

**Table 4**  
**OPEC Member Countries' real GDP growth rates, 2011–12** (*% change over previous period*)

	<b>2011</b>	<b>2012</b>
Algeria	2.4	2.6
Angola	3.9	8.1
Ecuador	8.0	4.6
IR Iran	3.0	-1.2
Iraq	8.6	8.5
Kuwait	6.3	5.2
Libya	-62.1	80.0
Nigeria	7.2	6.6
Qatar	14.1	6.2
Saudi Arabia	6.8	6.8
United Arab Emirates	5.2	4.0
Venezuela	4.0	5.6
<b>Average OPEC</b>	<b>2.1</b>	<b>5.3</b>

**Sources**  
IMF, *International Financial Statistics*; IMF, *World Economic Outlook*; EIU, *country reports*; official OPEC Member Countries' statistics; OPEC Secretariat estimates.

form of enterprise level sales and profits data, there are signals that the corporate sector's de-stocking process is likely nearing an end, as suggested by stabilisation in the manufacturing PMIs finished goods inventory component in the late months of 2012.

Aside from policy signals after China's leadership change in November 2012, the real economy appears to have performed strongly over the year, particularly in the fourth quarter. Manufacturing activities rose significantly. Home transactions in 54 major cities reached 236 units in November. According to the China Index Academy, in the week prior to 18 November, 36 of 40 monitored cities saw home transactions go

up y-o-y. Meanwhile, in spite of the obvious rebound in the economy in October and November and given the expectation that this robust phase would carry through to December and the start of 2013, inflationary pressures remained fairly subdued in 2012.

The average GDP growth rate for OPEC Member Countries in 2012 increased to 5.3 per cent from 2.1 per cent the previous year (**table 3**), mainly driven by the recovery seen in Libya. In addition, PMI trends indicated positive movement in the fourth quarter of the year, compared to the previous quarters, especially with regard to enhancing industry infrastructure, as seen in Qatar, UAE and Saudi Arabia.



# Oil market developments

## World oil demand

The initial forecast for world oil demand in 2012 was optimistic compared with the actual data, while projections have experienced significant downward revisions. This was primarily due to weak economic development, which mainly affected OECD countries, as well as feeble growth in China, which was significantly down over previous years. With actual data covering the whole year, world oil demand growth currently stands at 0.8 mb/d, lower than the 1.3 mb/d initially forecast. However, the picture differs considerably

between OECD and non-OECD regions. OECD demand continued to decline for the second consecutive year, falling by more than 0.4 mb/d or 1.0 per cent y-o-y, while non-OECD consumption grew strongly by 1.2 mb/d or 0.9 per cent. Within the OECD, the only area of growing oil consumption in 2012 was the Asia-Pacific region, especially in the second quarter. This also resulted from the low baseline during the same quarter of the previous year, which had been impacted by Japan's catastrophic earthquake and tsunami. In Europe, the sharpest decreases in oil consumption took place during the third quarter of the year, when

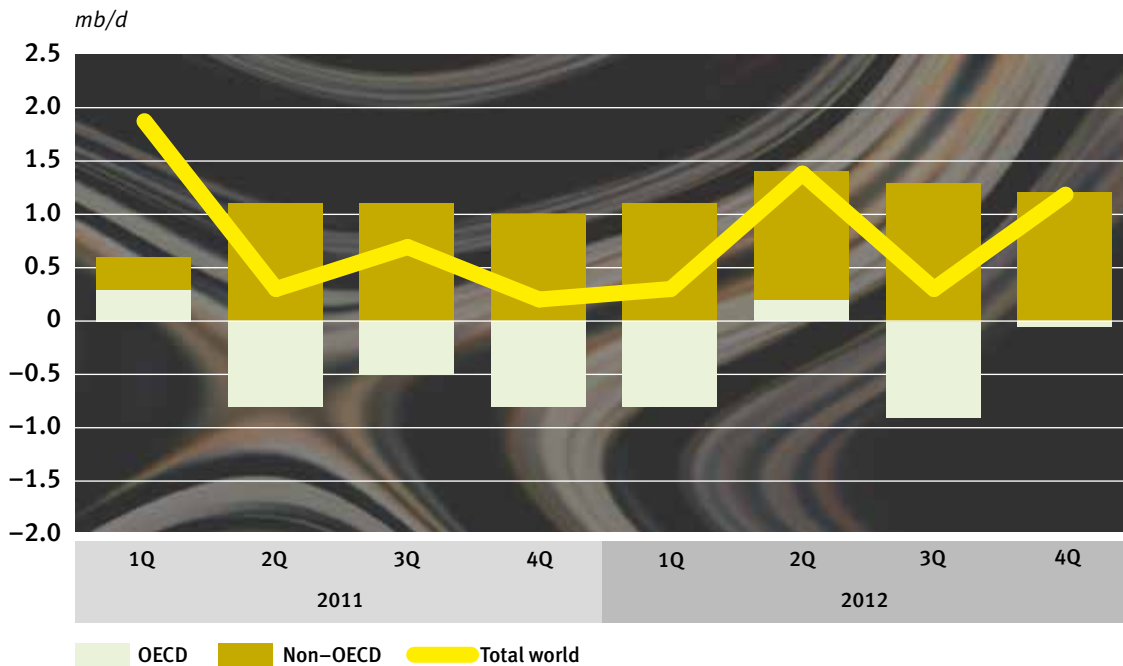
debt problems peaked in several countries in the region. Nevertheless, improved economic data from European countries has suggested that the fourth quarter drop in demand was smaller than it had been in the previous quarter, indicating that the decreasing trend in European oil demand seems to have eased. In the Americas, a mild winter during the first quarter of the year, in combination with relatively higher fuel prices in the US during the first half of 2012, implied a sharp decrease in the region's oil consumption for the

with India and China taking the largest share of these increases, while Middle East demand displayed its usual seasonal peak in the third quarter of the year (**figure 5**).

### OECD demand

Oil consumption in the US marked its second consecutive yearly decrease in 2012, shrinking by 0.3 mb/d, or 1.5 per cent, following reductions of 0.2 mb/d, or 0.9 per cent, a year earlier. All ma-

**Figure 5**  
World oil demand by main region, y-o-y growth, 2011-12



first and third quarters. The country's substitution of oil with cheaper natural gas has also negatively hit US oil demand.

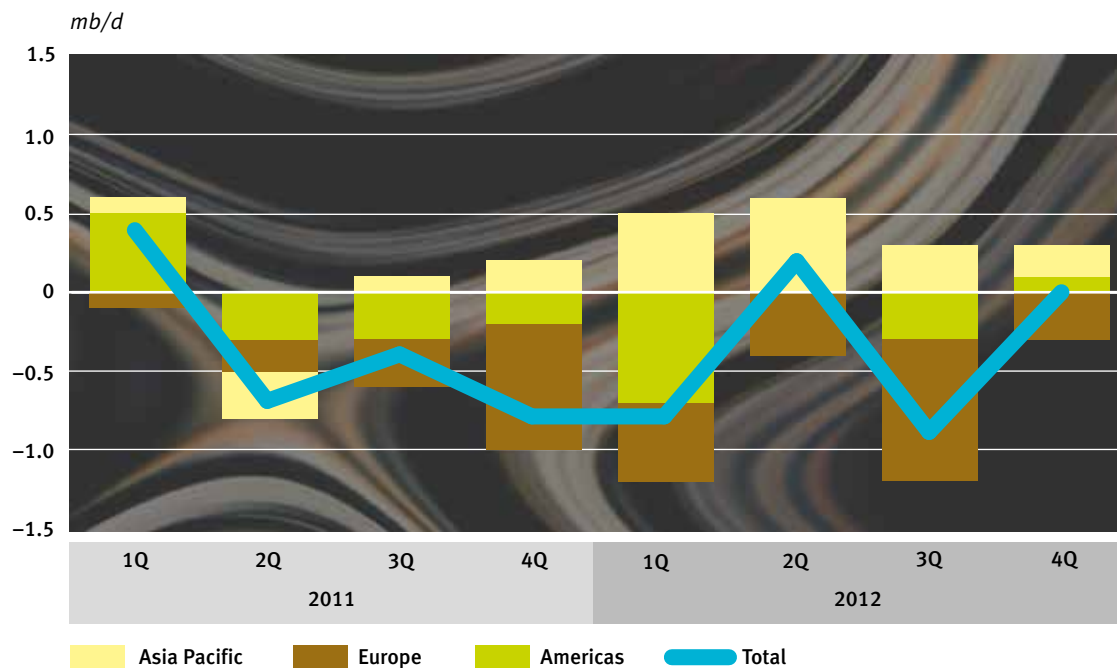
Non-OECD oil consumption growth peaked during the third and fourth quarters of the year,

with India and China taking the largest share of these increases, while Middle East demand displayed its usual seasonal peak in the third quarter of the year. Two factors underlined US oil consumption in 2012, namely relatively high retail

prices, especially during the first half of the year, which included part of the driving season, and fuel substitution with natural gas, notably affecting distillates and residual fuel oil usage in power plants. Natural gas prices hit their lowest level in 2012 since 1999, decreasing by 31 per cent compared to the previous year, while at the same time natural gas consumption increased five per cent y-o-y. Other factors influencing US consumption during 2012 were weak industrial production as well as ongoing fiscal issues affecting

Unsolved debt problems in the region's several countries, combined with restrictive policies and rigorous taxation on the consumption of petroleum products, notably those used in road transportation, affected usage. As a result, gasoline and automotive diesel requirements dropped by 6.5 per cent and 2.0 per cent, respectively, while residual fuel oil consumption fell even more strongly by 11.1 per cent. In the 'Big Four' European countries (Germany, France, Italy and the United Kingdom), which account for

**Figure 6**  
**OECD oil consumption by quarter and region, y-o-y growth, 2011-12**



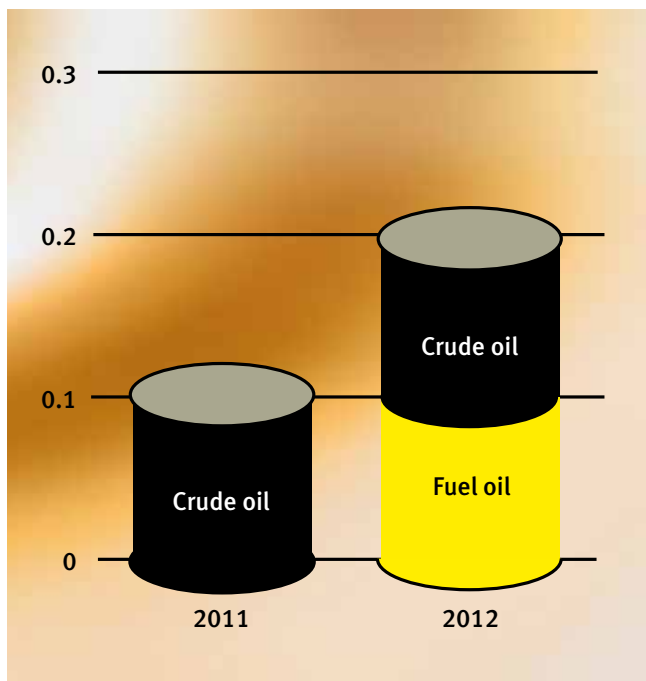
the country's general economic performance.

In Europe, the falling trend in oil consumption during the previous years continued in 2012 with a higher negative growth of 0.5 mb/d or 3.7 per cent y-o-y.

more than 50 per cent of the region's oil requirements, oil demand fell by 0.3 mb/d during 2012, with Italy seeing the largest decline. Despite Germany's strong economy, the country's oil demand also fell by 0.1 mb/d y-o-y, marking a

**Figure 7**  
**Japanese direct crude and residual fuel burning, y-o-y growth, 2011-12**

mb/d



significant negative development, as Germany is the largest oil-consuming country in Europe. The decrease in European oil consumption would have probably been even bigger if cold weather in the region had not stimulated a rise in heating oil consumption during the first and fourth quarters of the year. Nevertheless, the drop in European oil consumption seemed to have begun to stabilise during the fourth quarter of 2012 (**figure 6**).

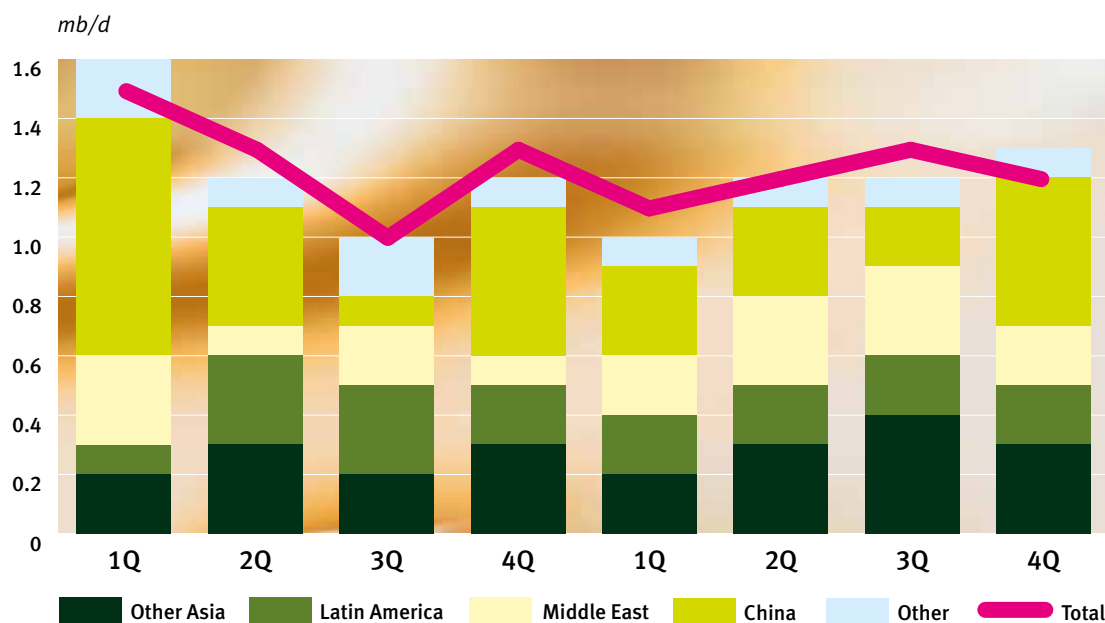
In Japan, 2012 oil consumption was determined by growth in the direct use of fuel and crude oil for electricity generation, which came about despite the high baseline effects of 2011. In 2012, direct crude and fuel oil consumption in-

creased by 36 and 58 per cent respectively, compared to a year earlier (**figure 7**). Moreover, the last month of the year saw a stronger increase in kerosene demand, driven by cold weather. South Korean oil consumption increased by 0.1 mb/d in 2012 over the previous year, with naphtha and its usage in the petrochemical industry accounting for the bulk of this increase. Demand in South Korea was also affected by frequent nuclear reactor incidents due to malfunctioning systems.

### Non-OECD demand

Non-OECD oil demand growth was solid for yet another year, totalling 1.2 mb/d. The strongest

**Figure 8**  
**Non-OECD oil consumption by region and quarter, y-o-y growth, 2011-12**



growth was seen in China, followed by Other Asia, Latin America and, finally, the Middle East (figure 8).

In 2012, Chinese oil demand grew by 0.3 mb/d or 3.5 per cent from the previous year, with gasoline, kerosene and naphtha showing the largest growth. Chinese demand grew for the last four months of 2012, with December seeing an increase of nearly six per cent, leading to a quarterly average of more than 10.0 mb/d, the highest on record. Part of this increase was due to stronger economic growth, up to 7.9 per cent in the fourth quarter. This boosted the demand for raw materials as well as the consumption of fuel oil. At the same

time, higher refinery throughputs – up by 8.4 per cent in December – contributed to increasing apparent demand in China. Last quarter improvements were also affected by strong industrial production, as well as increasing mileage and new car registrations, which contributed to the rise in China’s demand growth, despite limited construction and agricultural activity due to cold weather.

Despite last quarter growth, some factors capped the country’s overall oil utilisation during 2012, particularly in the first three quarters of the year. These included lower industrial activity and extensive coal use for heat generation. Restrictions in car registrations and the removal

of tax incentives for transportation fuels also limited consumption in China in 2012.

In Other Asia, oil consumption grew strongly by 0.3 mb/d, with India being the largest contributor to growth, increasing by 0.2 mb/d y-o-y. Diesel usage in independent electricity generators as a result of shutdowns during the sec-

ond half of the year and naphtha consumption in the country's booming petrochemical sector stood behind these large increases. Other important consumers in the region during 2012 were Indonesia, Thailand, Malaysia and Singapore, the latter mainly due to its high bunker consumption. Naphtha and diesel were the products which saw

**Table 5**  
**OPEC crude oil production, based on secondary sources, 2009–12 (1,000 b/d)**

	2009	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	Average change 12/11
Algeria	1,268	1,250	1,240	1,233	1,214	1,209	1,186	1,210	-29
Angola	1,783	1,786	1,667	1,763	1,743	1,719	1,728	1,738	70
Ecuador	477	475	490	495	496	501	502	499	9
IR Iran	3,725	3,706	3,628	3,391	3,086	2,742	2,680	2,973	-655
Iraq	2,422	2,401	2,665	2,705	2,956	3,135	3,118	2,979	314
Kuwait	2,263	2,297	2,538	2,765	2,788	2,799	2,820	2,793	255
Libya	1,557	1,559	462	1,213	1,424	1,466	1,468	1,393	931
Nigeria	1,812	2,061	2,111	2,075	2,143	2,110	1,965	2,073	-38
Qatar	770	791	794	786	748	745	732	753	-42
Saudi Arabia	8,051	8,263	9,290	9,819	9,905	9,792	9,436	9,737	447
UAE	2,256	2,304	2,516	2,587	2,607	2,653	2,650	2,624	108
Venezuela	2,394	2,338	2,380	2,381	2,367	2,348	2,343	2,360	-20
<b>Total OPEC</b>	<b>28,778</b>	<b>29,231</b>	<b>29,782</b>	<b>31,213</b>	<b>31,478</b>	<b>31,217</b>	<b>30,628</b>	<b>31,132</b>	<b>1,351</b>

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

**Source**  
OPEC Secretariat assessment of selected secondary sources.



the greatest increase in the region's overall 2012 oil consumption.

Latin American oil consumption grew solidly in 2012, by 0.20 mb/d. Brazilian oil consumption grew almost six per cent y-o-y, supported by greater fuel oil burning for power generation to cover hydroelectric shortfalls. In addition, the intensified process of electrification in Brazil required more diesel and fuel for power generation. Argentina, the third largest consumer in the region, expended nearly the same amount of oil in 2012 as in 2011. Product-wise, gasoline and diesel made up the bulk of the region's increased oil demand.

The strong use of oil in the transportation and industrial sectors as well as direct crude burning, mainly in Saudi Arabia, resulted in a resilient increase of around 0.2 mb/d in Middle Eastern oil consumption during 2012. Iraq, Kuwait, and Qatar also experienced some growth in oil consumption. However, economic turbulence in several of the region's countries capped the increase in oil demand.

### World oil supply

The supply of oil on the world market was on an upswing in 2012, increasing by 2.2 mb/d compared to only 1.0 mb/d in 2011. This was supported primarily by OPEC countries, with a production increase of 1.4 mb/d followed by non-OPEC countries and OPEC NGLs, which rose by 0.5 mb/d and 0.3 mb/d, respectively. The total world oil supply averaged 89.8 mb/d, with OPEC's crude share standing at around 34.7 per cent compared with 34.0 per cent one year earlier.

### Non-OPEC supply

Non-OPEC supply averaged 53.0 mb/d in 2012, an increase of 0.5 mb/d over the previous year

(**table 6**). Growth was driven by the increase from OECD Americas, the main contributors being the US, followed by Canada, Colombia, and Russia, while declines from Norway, South Sudan and Sudan, Syria and the United Kingdom (UK) partially offset growth.

On a regional basis, the OECD oil supply increased by 0.9 mb/d in 2012 over the previous year to average 21.0 mb/d. Much of the OECD growth in supply came from OECD Americas, which experienced the biggest growth among all non-OPEC regions in 2012, followed by OECD Asia Pacific, which held stable, while OECD Europe experienced a relatively heavy decline in 2012. The US experienced the highest growth in oil supply among all non-OPEC countries in 2012, supported by a surge in tight oil production from shale development areas. Additionally, there was strong growth in Canada's oil supply in 2012, while Mexico encountered a minor decline compared with the previous year. Maintenance and unplanned shutdowns as well as a natural decline at mature producing areas heavily impacted the UK's oil supply in 2012. The same factors influenced Norway's oil supply, leading to a sharp drop of 0.3 mb/d in OECD Europe's oil supply in 2012 over the previous year. Australia's oil supply experienced an increase in the second half of 2012 on the back of ramp-ups of different projects, as well as various field returns, which had earlier been affected by weather-related shutdowns.

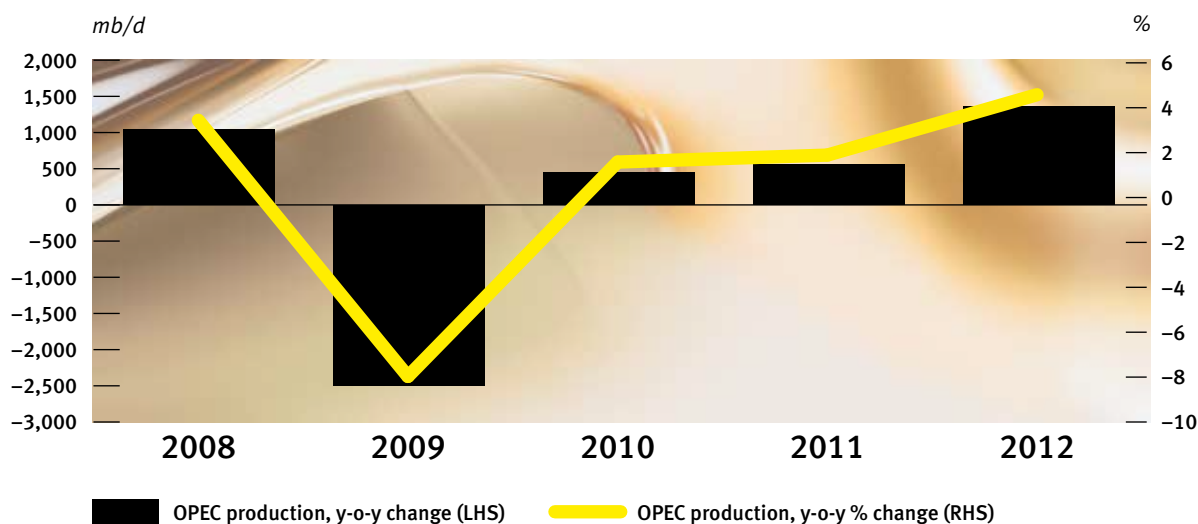
The oil production of developing countries (DCs) decreased in 2012 by 0.5 mb/d, averaging 12.1 mb/d. All DC regions experienced supply declines in 2012, with Africa experiencing the largest production drop, followed by the Middle East, Other Asia and Latin America. Relatively limited growth from Latin America compared to ini-

**Table 6**  
**World supply and demand balance, 2009–12**

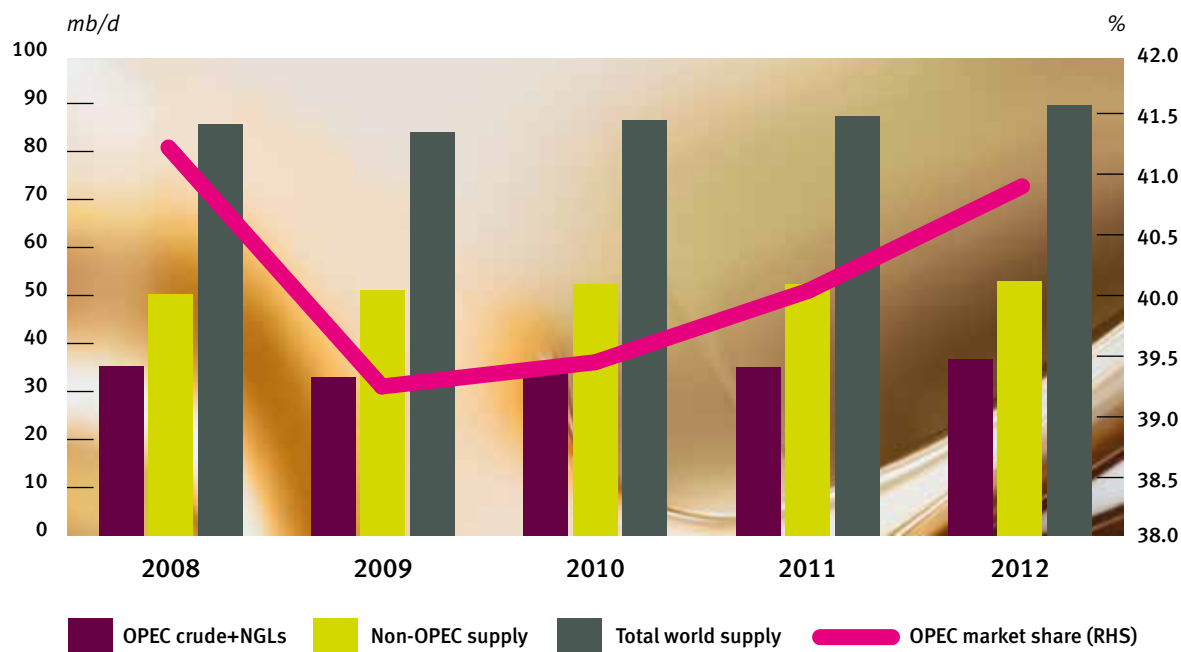
	2009	2010	2011	1Q12	2Q12	3Q12	4Q12	2012
<b>World demand (mb/d)</b>								
OECD	46.3	46.9	46.5	46.3	45.6	46.0	46.3	46.1
OECD Americas	23.7	24.1	24.1	23.5	23.8	23.9	23.9	23.8
OECD Europe	14.7	14.7	14.3	13.7	13.8	13.9	13.8	13.8
OECD Asia Pacific	8.0	8.1	8.1	9.1	8.0	8.2	8.7	8.5
DCs	25.6	26.5	27.2	27.4	27.9	28.5	28.2	28.0
FSU	4.0	4.2	4.3	4.3	4.1	4.5	4.8	4.4
Other Europe	0.7	0.6	0.6	0.6	0.6	0.6	0.7	0.6
China	8.3	9.0	9.4	9.5	9.9	9.5	10.1	9.7
<b>(a) Total world demand</b>	<b>84.8</b>	<b>87.2</b>	<b>88.1</b>	<b>88.1</b>	<b>88.0</b>	<b>89.2</b>	<b>90.1</b>	<b>88.9</b>
<b>Non-OPEC supply (mb/d)</b>								
OECD	19.8	20.0	20.2	21.1	20.9	20.6	21.6	21.0
OECD Americas	14.4	15.0	15.6	16.5	16.4	16.5	17.5	16.7
OECD Europe	4.7	4.4	4.1	4.1	3.9	3.5	3.6	3.8
OECD Asia Pacific	0.6	0.7	0.6	0.5	0.5	0.6	0.5	0.5
DCs	12.4	12.7	12.6	12.3	12.0	12.0	12.2	12.1
FSU	13.0	13.2	13.2	13.4	13.2	13.2	13.4	13.3
Other Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.8	4.1	4.1	4.1	4.2	4.2	4.3	4.2
Processing gains	2.0	2.1	2.1	2.2	2.2	2.2	2.2	2.2
<b>Total non-OPEC supply</b>	<b>51.1</b>	<b>52.3</b>	<b>52.4</b>	<b>53.2</b>	<b>52.6</b>	<b>52.4</b>	<b>53.8</b>	<b>53.0</b>
OPEC NGLs + NCOs	4.3	5.0	5.4	5.5	5.7	5.8	5.6	5.7
<b>(b) Total non-OPEC supply and OPEC NGLs + NCOs (mb/d)</b>	<b>55.5</b>	<b>57.3</b>	<b>57.8</b>	<b>58.7</b>	<b>58.3</b>	<b>58.2</b>	<b>59.4</b>	<b>58.6</b>
<b>OPEC crude oil production<sup>1</sup></b>	<b>28.8</b>	<b>29.2</b>	<b>29.8</b>	<b>31.2</b>	<b>31.5</b>	<b>31.2</b>	<b>30.6</b>	<b>31.1</b>
<b>Total supply (mb/d)</b>	<b>84.2</b>	<b>86.6</b>	<b>87.6</b>	<b>89.9</b>	<b>89.8</b>	<b>89.4</b>	<b>90.0</b>	<b>89.8</b>
<b>Balance (stock change and misc.)</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.5</b>	<b>1.8</b>	<b>1.8</b>	<b>0.1</b>	<b>-0.1</b>	<b>0.9</b>
<b>OECD closing stock level (outside FCPEs) (mb)</b>								
Commercial	2,663	2,678	2,605	2,652	2,689	2,730	2,666	2,666
SPR	1,568	1,565	1,536	1,536	1,539	1,542	1,547	1,547
Total	4,231	4,243	4,141	4,188	4,228	4,272	4,213	4,213
Oil-on-water	919	871	825	787	812	797	801	801
<b>Days of forward consumption in OECD</b>								
Commercial onland stocks	57	58	57	58	58	59	58	58
SPR	33	34	33	34	33	33	34	34
<b>Total</b>	<b>90</b>	<b>91</b>	<b>90</b>	<b>92</b>	<b>92</b>	<b>92</b>	<b>91</b>	<b>92</b>
<b>Memo items (mb/d)</b>								
FSU net exports	9.0	9.1	9.0	9.1	9.1	8.7	8.6	8.9
<b>Difference (a – b)</b>	<b>29.3</b>	<b>29.9</b>	<b>30.3</b>	<b>29.4</b>	<b>29.7</b>	<b>31.1</b>	<b>30.7</b>	<b>30.2</b>

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

**Figure 9**  
Year-on-year percentage change in OPEC production, 2008-12



**Figure 10**  
OPEC<sup>1</sup>, non-OPEC<sup>2</sup> and total world supply, as well as OPEC market share, 2008-12



**Notes**

1. Including OPEC NGLs + non-conventional oils.
2. Including processing gains.

tial forecasts impacted total DC growth in 2012. The minor decline experienced in Brazilian production in 2012 — caused by a decline in biofuel output due to weather conditions and maintenance-related slowdowns — limited conventional supply growth, reducing the region's total supply growth to a negative figure compared with one year earlier. Political issues impacted South Sudan's production in 2012, with output shut down in January due to deadlocks between South Sudan and Sudan on oil transportation and other issues. The supply of South Sudanese and Sudanese oil experienced the largest decline among all non-OPEC countries. Similar issues impacted supplies from Syria and Yemen.

Oil supplies from Vietnam, Colombia, and Oman experienced the largest growth among DC countries in 2012. However, growth was relatively minor compared to the declines experienced in other countries such as Brazil, Indonesia, South Sudan and Sudan, Syria, Trinidad and Tobago and Yemen.

The Former Soviet Union's (FSU) oil supply showed growth of 70 tb/d in 2012 and averaged 13.3 mb/d, supported by Russia. Russia's oil supply experienced an increase of 110 tb/d in 2012, based on continued ramp-ups of new projects. This growth was offset by a decrease in new developments in Azerbaijan and Kazakhstan, as well as declines in mature areas and due to maintenance.

Chinese oil production increased by 90 tb/d in 2012 and averaged 4.2 mb/d. The gain came mainly in the second half of the year in the form of returns from offshore production.

## OPEC crude oil production

According to secondary sources, OPEC crude oil production averaged 31.13 mb/d in 2012, an

increase of 1.35 mb/d over the previous year (**table 5**). The five per cent increase in 2012 came on account of a lower base in 2011. OPEC crude oil production during the first half of 2012 was higher than in the second half. OPEC's share of the global oil supply remained relatively steady at 34.7 per cent in 2012, with a minor increase over the previous year.

## Transportation

In 2012, tanker market sentiment was weak in some sectors, with spot freight rates declining following a trend seen the previous year. On average, dirty spot freight rates on reported routes declined in 2012 by 10 per cent compared to one year earlier. Clean tanker spot freight rates saw a similar decline of 11 per cent. Tonnage oversupply versus lower tonnage demand along with an expansion in pipeline networks were the main factors behind freight rates dropping in 2012. At the same time, bunker fuel prices increased by 13 per cent from a year earlier, lowering ship owners' margins.

On average, dirty spot freight rates for very large crude carriers (VLCCs), Suezmax and Aframax declined by 11, 14 and 9 per cent respectively, from 2011. In the clean tanker market, spot freight rates declined on both East and West of Suez, as the clean sector was influenced by the same factors affecting the dirty sector.

VLCC rates fell on all reported routes. Freight rates for VLCCs operating between the Middle East-to-East and the Middle East-to-West decreased by 10 and 16 per cent, respectively, while those for VLCCs operating on the West Africa-to-East route saw a smaller drop, declining by eight per cent from a year earlier. Constant additions to fleet capacity worsened the tanker mar-

ket situation as vessel supply remained ample at all times, exceeding the demand level and pushing freight rates down. This came about despite increased Asian tonnage demands, higher OPEC production and improved freight rates seen in the fourth quarter, carried by seasonal winter demand.

The imbalance between tonnage demand and supply seen on VLCCs was also apparent in other dirty vessel classes; Suezmax and Aframax annual spot freight rates also declined in 2012. On average, Suezmax spot freight rates registered the greatest drop among the dirty vessels, down by 14 per cent, as a result of lower freight rates registered on both reported routes. Rates for Suezmax operating on the West Africa-to-US Gulf Coast route and the Northwest Europe-to-US route dropped by 13 and 16 per cent, respectively. Tonnage availability and lower tonnage demand were the main factors behind the freight rate drop.

Aframax spot freight rates on the Indonesia-to-East route declined by nine per cent, while rates on the Caribbean-to-US East Coast route fell by three per cent. Mediterranean-to-Mediterranean and Mediterranean-to-Northwest Europe rates dropped around 13 and 12 per cent, respectively. This fall resulted from a quiet market, low activity, limited delays at the Turkish straits and available tonnage outnumbering available cargo in general.

Clean tanker spot freight rates followed a similar pattern to those of dirty tanker spot rates. On an annual basis, average reported routes for clean tankers declined by 11 per cent from last year's levels, with freight rates on all reported routes registering negative performance. The highest decline was seen on the Northwest Europe-to-US Gulf route which

dropped by 19 per cent from a year earlier, while the Middle East-to-East route declined the least, with freight rates dropping by seven per cent from the previous year.

## Refinery industry

Product market sentiment featured a mixed performance in 2012, with light distillates becoming bullish as a result of the tightened market during the driving season and stocks falling below average due to the closure of several refineries in the Atlantic Basin amid the heavy maintenance season. Top of the barrel improvement allowed refinery margins to increase worldwide during this period, despite a lack of support from middle distillates during the winter season.

During 4Q12, market sentiment turned bearish, with supplies increasing following the return of refineries from seasonal maintenance. In addition, a mild winter kept heating oil demand lacklustre, hitting the cracks at the middle of the barrel and causing margins to fall.

The US refining industry's performance continued in a healthy line during 2012, with crack spreads on the rise across the product slate led by gasoline, which remained firm on the Atlantic Coast amid tightened sentiment generated by the closure of some units in the Atlantic Basin, as well as stocks falling during the driving season.

Despite deterioration in domestic demand, the US middle distillates market continued to be supported by export opportunities to Latin America and Europe, with distillate exports remaining on the rise after hitting a record volume above 1 mb/d, and inventories holding below the typical average.

The margins for West Texas Intermediate (WTI) and Light Louisiana Sweet (LLS) crude on

the US Gulf Coast increased sharply by more than \$5/b during the year to stand at around \$27/b and \$14/b, respectively, the highest levels seen in years.

However, during 4Q12, the margin for LLS suffered a sharp drop to stand at around \$10/b, as the gasoline market became weaker due to the end of the driving season and increasing supplies. The margin for WTI remained mostly unchanged, because the WTI price fell.

In Europe, product markets recovered after 1Q12, with light distillate cracks showing an upward trend, as gasoline strengthened on the back of export opportunities in a tight environment, led by lower refinery runs and the shutdown of several refineries in the Atlantic Basin. The middle of the barrel remained healthy in a tight environment caused by refinery maintenance.

This sharp improvement in light and middle distillates allowed refinery margins to show a strong gain and – despite the correction due to the plunge in gasoline crack during the last quarter after the end of the driving season – refining margins remained at around \$6/b on average and jumped above \$8/b in 3Q12, the highest level seen in the last years.

Asian refining margins remained low, although they managed to exhibit a robust recovery in 3Q12, showing a sharp gain to reach \$5/b, the highest level in three years. This was mainly due to positive developments across the light-and middle-distillate spectrum. At the top of the barrel, gasoline crack witnessed a strong gain, as sentiment was lifted by healthy demand amid tightening supply, caused by some refinery disruptions and heavy maintenance.

Meanwhile, the middle of the barrel continued to be stable in a relatively well-balanced

market, with rising supplies being partially offset by strong regional demand. However, the bottom of the barrel lost ground due to heavy western inflows amid weaker bunker demand, following economic developments and a reduction in fuel oil imports from Chinese refineries.

The Asian market came under pressure in 4Q12 due to increasing supplies, with the amount being produced by refineries returning from maintenance surpassing regional demand and refining margins dropping to \$3/b. This, in turn, led to a yearly average margin of around \$3.4/b, 40¢ lower than in the previous year.

US refiners continued operating with higher refinery runs – despite poor domestic gasoline demand – supported by export opportunities, mainly to Latin America. Refinery runs averaged 92 per cent of capacity during the driving season, hitting a five-year record high.

However, during 4Q12, runs declined to an average of 88.6 per cent, with some refineries being affected by adverse weather, including unscheduled shutdowns caused by Hurricanes Isaac and Sandy.

This situation, along with high export levels, kept product inventories below the five-year average, although gasoline inventories recovered after the end of the driving season.

European refiners had been operating at moderated throughput levels in response to deteriorating margins and more expensive crudes during 1Q12. This led to some refinery closures due to bad economic performance, while refinery runs dropped during 1H12 below 78 per cent.

Starting mid-year, a tightening market in the Atlantic Basin allowed margins to become healthier and the heavy maintenance season in Europe kept the distillates market tight, improving crack

spreads and encouraging refiners to cash in on the higher margins by increasing their throughputs. The refinery utilisation rate increased to an average above 83 per cent during 2H12, the highest level seen in the last two years.

In Asia, Japanese refineries came back on line after recovering from damages caused by the natural disaster of the previous year and Japan saw a recovery in refinery throughput to over 80 per cent by the end of 2012.

Chinese and Indian refineries ran at high throughput levels, encouraged by stronger demand in the region. During 4Q12, as the refinery maintenance season in Asia came to an end and despite new capacity coming on-line, utilisation rates were on the rise – at around 90 per cent – to face the increasing winter demand, with Chinese refineries hitting record high throughputs.

## Stock movements

Total OECD inventories, including commercial and government stocks, saw a build of 72 mb, or 0.2 mb/d, at the end of 2012 over the previous year. During the year, they reached their highest level of 4,271 mb in September before declining to 4,213 mb at the end of December. This build was attributed mainly to commercial inventories increasing by 61 mb, to end the year at 2,666 mb, while the Strategic Petroleum Reserve (SPR) went up slightly by 11 mb to 1,547 mb.

On a regional basis, the bulk of the build in OECD inventories came from the Americas, where it rose by 53 mb and to a lesser extent from Asia Pacific and Europe, which increased by 7 mb and 9 mb, respectively. On a quarterly basis, total OECD inventories experienced a contra-seasonal stock build of 47 mb in the first quarter,

followed by a seasonal build of 39 mb and 45 mb in the second and the third quarters respectively, while the fourth quarter saw a fall of 59 mb.

The first three quarters of 2012 saw a considerable build in total commercial stocks of 125 mb, before declining seasonally by 64 mb in the fourth quarter. This has led to a stock build of 61 mb for the whole year over levels at the end of the previous year. The increase in OECD commercial stocks reflects the increase in OPEC crude production as well as the solid performance of non-OPEC supply and OPEC NGLs, despite relatively weaker demand. Indeed, global supply increased by 2.2 mb/d in 2012, outpacing the growth of world oil demand, which rose by only 0.8 mb/d. OECD commercial stocks ended the year at 21 mb above the five-year average. However, the picture within the OECD region was mixed. Indeed, the Americas and Asia Pacific saw a surplus of 80 mb and 2 mb, respectively, while commercial stocks in Europe stood 61 mb below the latest five-year average. The huge deficit observed in Europe reflects weak North Sea production, combined with lower crude imports as well the backwardation of Brent, discouraging any build in crude oil stocks.

Within the components of OECD commercial inventories, crude stood at comfortable levels, representing a surplus of 54 mb over the previous year and 34 mb above the five-year average, while product stocks reflected a deficit of 13 mb against the seasonal norm. However, they started to improve compared with one year ago, reaching a surplus of 5 mb for the first time in almost two years. Middle distillates accounted for the total of the deficit, standing 17 mb below the seasonal norm, while gasoline stocks started to improve, showing a surplus of 6 mb compared with the five-year average.

OECD commercial stocks stood at 58 days of forward cover at the end of 2012, around 1.8 days higher than was observed 12 months earlier. This mainly reflected a downward trend in OECD demand rather than an increase in the absolute level of OECD commercial inventories. At the end of 2012, OECD commercial stocks finished the year 2.2 days above the five-year average in terms of days of cover.

The bulk of the increase in total OECD SPR at the end of 2012 was concentrated in Europe, while the Americas and Asia Pacific remained at almost the same level. OECD Americas' SPR stood at 696 mb, followed by OECD Europe with 436 mb, while OECD Asia Pacific finished 2012 with 414 mb.

### Balance of supply and demand

The year 2012 saw a gradual market shift to a more bearish sentiment due to a disappointing economic outlook and ongoing demand revisions. The first three quarters of 2012 were affected by macroeconomic concerns, as well as a lack of stronger growth from China, which performed much lower than in previous years. However, according to data published for the fourth quarter, China, India, Brazil, Japan, and to a lesser extent the US, have reversed this trend, leading to higher-than-expected growth. Overall, the initial forecast for world oil demand growth of 1.3 mb/d was revised down by almost 0.5 mb/d to currently stand at 0.8 mb/d, with an average of 88.9 mb/d. On the supply side, the forecast for non-OPEC supply growth in 2012 was pushed higher before being revised down to currently stand at 0.5 mb/d, well above last year's growth of only 0.1 mb/d. The latest estimation places non-

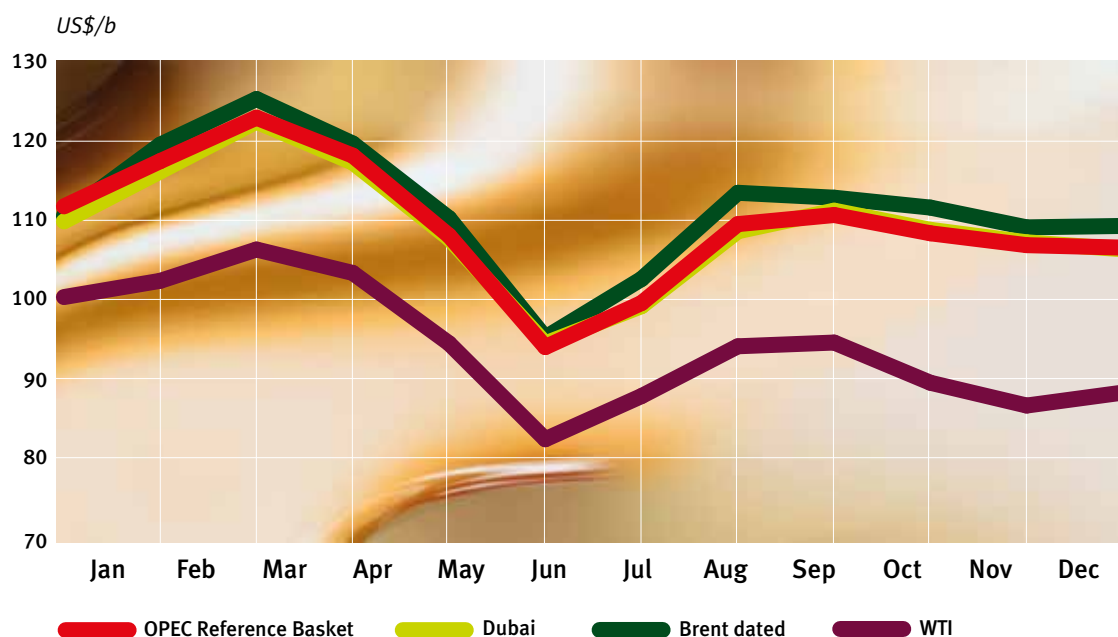
OPEC supply at 53.0 mb/d. The growth of OPEC NGLs and non-conventional oils was also revised down by 0.1 mb/d from initial forecasts, indicating a growth of 0.3 mb/d to stand at 5.7 mb.

Based on these revisions, the forecast demand for OPEC crude in 2012 has been revised down from the initial forecast by 0.1 mb/d to currently stand at 30.2 mb/d. Compared to the previous year, expected growth in the demand for OPEC crude fell from the positive outlook of 0.3 mb/d to flat growth. This shift mainly reflected weakening demand as a consequence of the slowdown in manufacturing and trade activities worldwide. On a quarterly basis, required OPEC crude stood at 29.4 mb/d and 29.7 mb/d in the first and second quarters, respectively, while the second half of the year was estimated to end at a much higher level, averaging 31.1 mb/d in the third quarter and 30.7 mb/d in the fourth.

In comparison, OPEC production in the first half of 2012 averaged 31.2 mb/d in the first quarter and 31.5 mb/d in the second quarter, outpacing the demand for OPEC crude and indicating a significant build in implied stocks. This resulted in an increase in OECD commercial stocks as well as in non-OECD inventories. OECD commercial stocks alone increased by about 81 mb in the first half of 2012, while the estimation for non-OECD stocks posts a build of around 170 mb. In the third quarter, OPEC production stood at 31.2 mb/d, before declining to 30.6 mb/d in the fourth quarter. This has resulted in a more or less balanced market in the second half of 2012. For the whole year, OPEC crude oil production averaged 31.1 mb/d indicating an implied stock build of 0.9 mb/d, confirming the market was well supplied during last year.



**Figure 11**  
**Monthly oil price movements, 2012**



### Crude oil price movements

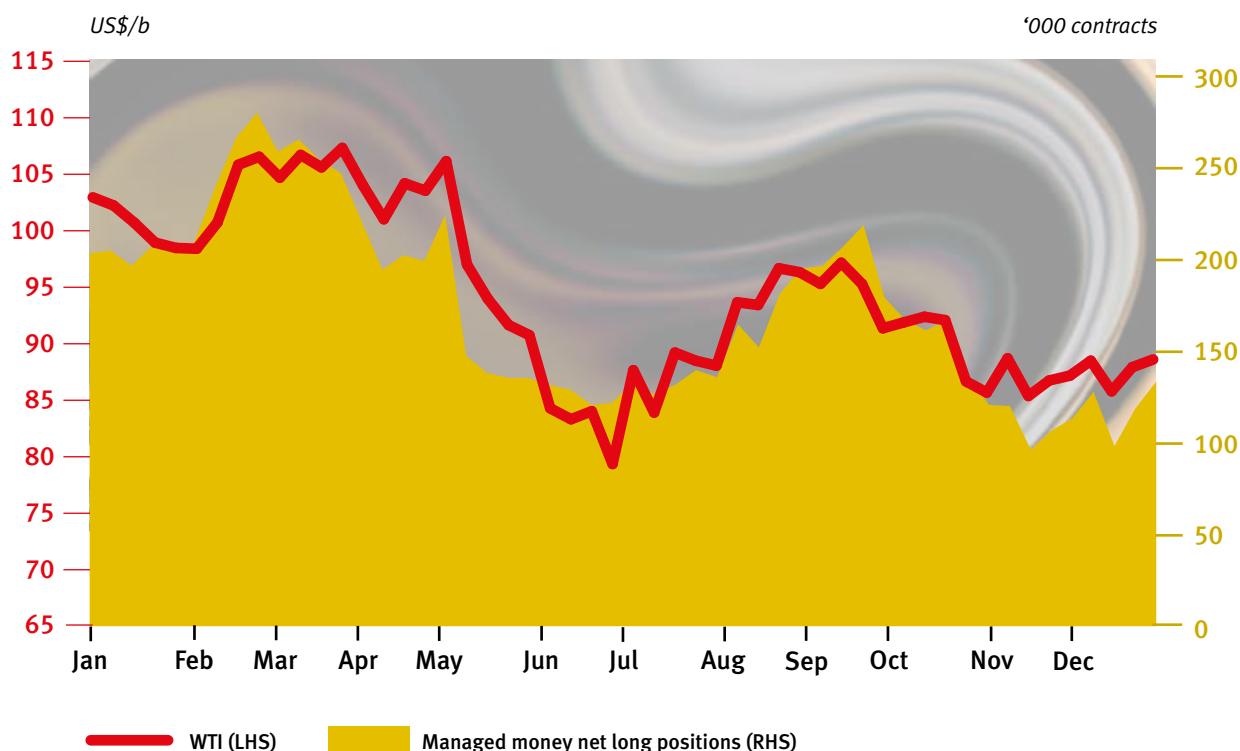
In 2012, the OPEC Reference Basket posted its third consecutive yearly gain, reaching an average annual price of \$109.45/b. The Basket improved by \$1.99 y-o-y, or 1.85 per cent over the previous year. Despite global economic growth stagnation, the upward movement in prices was supported throughout the year by turmoil in the Middle East and supply disruptions in the North Sea fields. For the year, all Basket components settled at higher than \$100 for the first time.

The Basket price surged in the first quarter of 2012, averaging \$117.49/b. Besides geopolitical issues, encouraging economic data from the US and to a lesser degree from China, together

with speculative activities in the crude oil future markets, contributed notably to the rise in overall crude oil prices. Supply glitches in European and East African crude oil production were also a factor.

In the second quarter, the Basket weakened significantly from the previous year, rebounding in subsequent months to levels well above the \$100/b key mark and remaining at these levels until the beginning of the fourth quarter, when it settled in October at a year-to-date average of \$110.05/b, up \$2.86 compared to the same period a year earlier. The sizable deterioration in the Basket value for the second quarter was largely driven by gloomy economics, abundant crude oil supplies and large-scale speculative sell-offs. In

**Figure 12**  
**Nymex WTI price versus speculative activity, 2012**



contrast, its recovery in the third quarter was attributed to geopolitical tensions in the Middle East, tight North Sea supply, declines in crude oil stockpiles and hopes of further monetary easing. Oil markets were further supported by unexpected positive economic data from the US and improving economic sentiment as global equity benchmarks continued to increase.

By the end of the fourth quarter, in line with global crude oil prices, the OPEC Reference Basket slipped, as economic concerns gained an upper hand in the form of worries over supply distribution owing to price pressure created by geopolitical tension in the Middle East.

Moreover, crude oil markets weighed in risks to demand from the pending US fiscal cliff, which if triggered would have led to \$600 billion in automatic budget reductions and expiring tax cuts at the end of 2012. The downward movement of the Basket in the fourth quarter was also driven by an easing in winter crude oil demand, specifically in North-East Asia, which negatively affected the performance of Basket components. Apart from most of the Brent-related crudes, all Basket components strengthened in 2012, particularly the lighter grades. Brent-related African crudes, namely Algerian Saharan Blend, Angolan Girassol, Libyan Es Sider and Nigerian Bonny

**Table 7**  
**Average quarterly and yearly spot prices for selected crudes, 2011-12**

	2011	1Q12	2Q12	3Q12	4Q12	2012	Change 2012/11
<b>OPEC Reference Basket</b>	<b>107.46</b>	<b>117.49</b>	<b>106.61</b>	<b>106.50</b>	<b>107.29</b>	<b>109.45</b>	<b>1.9%</b>
Arab Light	107.82	118.17	107.16	106.97	108.65	110.22	2.2%
Basrah Light	106.17	116.22	104.60	105.34	105.75	107.96	1.7%
Bonny Light	114.15	121.25	110.69	110.94	111.84	113.66	-0.4%
Es Sider	111.90	119.30	109.22	109.03	109.94	111.86	0.0%
Girassol	111.57	120.04	109.52	109.69	109.65	112.21	0.6%
Iran Heavy	106.11	117.00	105.83	106.29	107.19	109.06	2.8%
Kuwait Export	105.63	117.12	106.00	105.81	106.88	108.93	3.1%
Marine	106.53	116.91	106.55	106.29	107.39	109.26	2.6%
Merey	97.94	109.74	98.59	97.77	94.28	100.06	2.2%
Murban	109.77	119.42	109.13	108.53	110.04	111.76	1.8%
Oriente	101.03	111.71	101.60	99.66	98.18	102.76	1.7%
Saharan Blend	112.92	119.41	108.45	107.92	110.25	111.49	-1.3%
<b>Other OPEC crudes</b>							
Arab Heavy	106.21	116.26	106.35	106.21	107.51	109.07	2.7%
Dubai	108.86	118.26	107.55	106.98	108.70	110.34	1.4%
Dukhan	113.65	121.51	111.16	111.51	112.48	114.21	0.5%
Forcados	108.29	116.64	106.21	107.70	108.38	109.79	1.4%
Iran Light	103.66	113.02	103.46	103.12	98.92	104.60	0.9%
Tia Juana Light	112.89	119.47	109.50	110.54	110.75	112.55	-0.3%
Zueitina	111.36	118.60	108.27	109.61	110.05	111.62	0.2%
<b>Other Non-OPEC crudes</b>							
Brent Dated	114.79	126.97	118.27	111.73	109.61	116.60	1.6%
Isthmus	106.63	117.08	106.43	106.45	107.52	109.35	2.6%
Minas	106.18	114.03	103.87	106.24	106.10	107.62	1.4%
Oman	117.15	125.83	114.79	112.48	114.91	116.98	-0.1%
Suez Mix	109.19	117.02	106.81	109.22	108.94	110.49	1.2%
Tapis	94.99	103.04	93.26	92.10	88.11	94.10	-0.9%
Urals	92.93	99.39	88.00	88.74	78.43	88.60	-4.7%
W T Intermediate	10.09	4.57	5.43	5.53	5.84	5.34	
W Texas Sour	1.23	1.84	2.24	3.02	1.59	2.17	
<b>Differentials</b>							
B. Light – A. Heavy	5.15	2.34	1.92	3.40	2.54	2.55	
B. Light – S. Blend	1.23	1.84	2.24	3.02	1.59	2.17	
Brent – WTI	16.37	15.56	15.01	17.51	21.94	17.52	
Brent – Dubai	5.15	2.34	1.92	3.40	2.54	2.55	

**Note**

Quarterly and yearly averages based on daily quotations.

**Sources**

Platts and direct communication, OPEC Secretariat's assessments.

Light, fell marginally by around 35¢ to an average of \$112.31/b. Middle Eastern sour crudes, among them Kuwait export, Murban, Qatar Marine and Basrah Light, showed lesser increases of \$2.45/b, or 2.3 per cent, to \$109.48/b. Meanwhile, Latin American component values, Venezuelan Merey and Ecuadorian Oriente, improved over the year by about \$2.12 and \$1.73 to \$100.06/b and \$102.76/b, respectively.

In 2012, the two major international crude oil futures markets ended the year in different directions. While the WTI front month posted its first annual loss since 2009, the front month ICE Brent posted its third consecutive annual gain. The boom in US shale oil production weighed on the WTI, while geopolitical considerations, outages in the North Sea and increased trading volumes in the ICE Brent contract have all supported the Brent price. Speculative activity and trading volumes increased by 70 and 12 per cent, respectively, in the ICE Brent market, while decreasing in the Nymex WTI market by 10 and 19 per cent, respectively. Compared to the previous year's gains of 30 per cent, the WTI front-month average was down by almost 1 per cent at \$94.20/b, while ICE Brent rose slightly by 0.73 per cent to \$111.70/b.

In the futures market, the net length positions in Nymex WTI and that of the ICE Brent

managed money positions were almost equal by the end of 2012. While length in WTI positions had been ailing in 2012, ICE Brent positions were on the upswing from a historical perspective. This was in line with an increase in total open interest in the ICE Brent crude contract. The contract is catching up with Nymex WTI as a growing number of commodity indices are increasing the weighting of ICE Brent and managed money is following. In addition to this, the backwardated structure of Brent encourages net length due to rollover profits. Compared to 2011, the ICE Brent managed money net long positions increased by a hefty 70 per cent, while Nymex positions lowered by almost 10 per cent. The total open interest volume in the two markets decreased in December 2012 by 52,540 contracts to 3.65 million lots.

Moreover, in 2012, monthly trading volumes of ICE Brent were consistently above those of Nymex WTI, with the daily average of ICE Brent trades standing 13,760 lots or 2.5 per cent above Nymex WTI. For the first time, ICE Brent trading volumes overtook those of Nymex WTI by more than 6.5 million contracts. In 2012, Nymex WTI total traded volume was 141 million contracts, compared to 175 million in 2011, 19 per cent lower y-o-y. ICE Brent traded volume was 148 million lots versus 132 million contracts in 2011, a 12 per cent increase y-o-y.

## Annual symposium puts spotlight on energy outlooks



The Organization of the Petroleum Exporting Countries (OPEC), the International Energy Agency (IEA) and the International Energy Forum (IEF) held their second joint Symposium on Energy Outlooks at the IEF's Headquarters in Riyadh, Saudi Arabia, on 23-24 January 2012.

The symposium, the first of which took place a year earlier, offered a platform for sharing insights and exchanging views about energy market trends and the short-, medium- and long-term energy outlooks, including analysis of market behaviour and discussion of the key drivers of the energy scene and associated uncertainties.

*Attendees of the IEF-OPEC-IEA Symposium on Energy Outlooks, held at the IEF's Riyadh headquarters in January. OPEC Secretary General Abdalla Salem El-Badri is in the first row, middle. To his right (l to r) are HRH Prince Abdulaziz Bin Salman Al-Saud, Executive Director of the IEA Maria van der Hoeven and Secretary General of the IEF Aldo Florez-Quiroga.*

OPEC and the IEA regularly publish oil and energy outlooks covering time horizons well into the 21st century. The annual issues of the OPEC World Oil Outlook and IEA World Energy Outlook that were featured in the second symposium placed heavy emphasis on scenarios up to 2035.

The symposium looked carefully at the two organizations' outlooks, identified the main con-

vergences and divergences between them and addressed the reasons for this, from definitions to methodologies, data sources and assumptions about future market trends and directions. This was all in the interest of enhancing these processes in the future.

OPEC said in the opening session that the second symposium, held under Chatham House rules to encourage open and lively discussion, "reaffirms the commitment shown by the IEA, the IEF and OPEC to furthering cooperation and dialogue." It formed part of a joint programme of work agreed upon by the three organizations and endorsed by energy ministers at the 12th IEF Meeting in Cancun in March 2010.

The talks offered a timely opportunity for the relevant energy stakeholders to discuss energy market trends, such as energy supply, demand and prices, as well as associated factors that influence these trends, including environmental policies, economic conditions and technological development.

The symposium was divided into three sessions. The first looked at recent market developments and near term-prospects, including technical issues related to demand, supply and stocks, while the second session concentrated on the medium- and long-term outlooks, demand, downstream activities and supply. These first two sessions were supported by comprehensive IEA and OPEC presentations on short-, medium- and long-term prospects, as well as input by invited experts on a wide range of disciplines in the field of energy. The final session constituted a wrap-up of the two days of deliberations and discussion of the insights acquired.

Through the various presentations, the symposium heard that such events cement relationships on both a personal and organization-

al level and allow the parties involved to share ideas and concepts.

Delegates were told that, with the world today often seeming as though it is in a constant state of flux, the importance of dialogue and cooperation between international organizations had never been greater. It was deemed essential for organizations such as the IEA and OPEC to have a better understanding of the complex and ever-changing economic environment, particularly given the nature of the resource involved.

Energy is important to everyone, the symposium heard, and with energy demand set to grow further in the coming years, it is vital that all stakeholders in the industry work together for market stability. This collective approach should continue to be the basis for the effective and efficient functioning of the global energy market. It was thus determined to be important that producers and consumers continually work to find common ground, look for shared solutions and evolve an environment conducive to reaching constructive end results.

Delegates were reminded that OPEC has long recognised the importance of adopting a 'plurilateral' approach to addressing major topical issues and that it believes in continuing to develop existing and new avenues of cooperation with innovative thinking, collaboration and swift action on key issues, many of which are complex, broad and interrelated. Looking ahead, the shared objective was stated to be "a stable and sustainable energy future in an increasingly interdependent world ... it is not an easy task, but one that we must all show commitment towards achieving."

The third symposium was planned for Riyadh on 22 January 2013.



**5<sup>th</sup> OPEC  
International Seminar**

***Petroleum: Fuelling Prosperity  
Supporting Sustainability***

The 5th OPEC International Seminar was held in the congenial surroundings of the Festsaal at the Hofburg Palace in Vienna on 13-14 June 2012. It provided an opportunity for decision-makers and experts to examine the challenges facing the oil industry.

As Austrian President, Dr Heinz Fischer, said in his opening message, "I very much value the efforts of the Organization of the Petroleum Exporting Countries to extend the dialogue and

cooperation on energy issues." Fischer pointed out that the Organization's significance and outreach had grown considerably over the decades.

While the central theme of the Seminar was 'Petroleum: Fuelling Prosperity, Supporting Sustainability', a much wider range of topics featured in the event, such as: the global energy scene, petroleum upstream and downstream, the oil market, the world economy, financial in-

stitutions, transportation, capacity expansion, investment, national and international oil companies, technology, the environment, sustainable development and energy poverty.

This reminded the estimated 700 people in the conference hall of how vast, complex and diverse the issues are which face the industry today, underlined the importance of interdependence in this dynamic, high-tech age of globalisation and instant communications, and re-emphasized the need for dialogue and cooperation.

The Seminar was divided into four main sessions dedicated to specific topics: The first session focused on 'The global energy scene'; session two turned to 'Oil and the world econ-

omy'; the next session focused on 'Capacity expansion and investment'; and the fourth and final session looked at the broader related issues of 'Technology, the environment and policies'.

A two-hour panel discussion on the subject 'Petroleum for progress and cooperation', concluded the Seminar.

OPEC Energy/Petroleum Ministers chaired each session and provided the key-note speeches. Session speakers included other OPEC Ministers, the OPEC Secretary General, non-OPEC Ministers, heads of intergovernmental organizations, oil company CEOs, and other top officials and experts. The speakers also participated in discussions at the end of each session, responding to questions from the floor. In



*OPEC Secretary General Abdalla Salem El-Badri (right) being interviewed by journalists at the 5th OPEC International Seminar.*



addition, an OPEC Minister chaired a panel discussion that concluded the event on the morning of the second day.

In delivering the welcoming address, Abdul-Kareem Luaibi Bahedh, President of the OPEC Conference and Minister of Oil for Iraq, said: "As is the case with any Organization like ours, it is necessary to sit back and review the current situation from time to time, as well as reflect upon the new challenges.

"And when this is done by a group of leading stakeholders and experts with a shared commitment to progress in the industry and the advancement of mankind generally, then all the better. This is why we have been holding this series of OPEC International Seminars since 2001."

A gala dinner at Vienna City Hall on the evening of 13 June saw the presentations of the OPEC Award for Research to Professor Øystein Noreng of the BI Norwegian Business School and the OPEC Award for Journalism to Bloomberg's OPEC news team.

Dr Hasan M Qabazard, Director, OPEC Research Division and Chairman of the Seminar Steering Committee, described the event as "an absorbing, educational Seminar" in his closing remarks. Qabazard finished with the following

message: The 5th OPEC International Seminar does not end here. In a sense, it is only just beginning. It is now up to all of us to think carefully about what we have heard here over the past two days, as we return to our places of work. If this, with the passage of time, helps the industry perform a little better than it would otherwise have done, then the Seminar has clearly been a success."

The 4th OPEC International Seminar, held the previous year, was more heavily focused on ensuring a sustainable supply of energy combined with efforts at global economic recovery. Along with commonly discussed energy topics such as upstream and downstream capacity, the world outlook and the effects of technology, extreme price volatility and the interplay between oil and the financial markets drew a great deal of scrutiny, as well as the drop in oil resulting from the financial crisis. In addition, the challenge of achieving a fair price for oil which both ensures investment in spare capacity and long-term supply to consumers was deliberated. The implications of accelerated bio-fuel production for food security was addressed in a special session sponsored by OPEC's sister organization, the OPEC Fund for International Development (OFID).



### Office of the Secretary General

The year 2012 saw Abdalla Salem El-Badri enter the sixth year of his tenure as OPEC Secretary General.

Over the course of the year, the activities of the Office of the Secretary General were, once again, concerned with satisfying the requirements of the Chief Executive in the execution of his duties. As in the past, considerable time, energy and resources were expended in preparing documentation for and servicing Meetings of the Conference, the Ministerial Monitoring Subcommittee, and the Board of Governors, as well as a variety of other high-level meetings. In ad-

dition to coordinating the preparation of reports and documentation for submission to the various ministerial and gubernatorial gatherings, the Staff of the Office of the Secretary General were occupied with minuting these meetings, writing précis of the discussions that took place and preparing summaries of the decisions taken, as well as preparing formal, edited minutes of the deliberations for distribution to ministers, governors and management, as appropriate.

The Office of the Secretary General was also concerned with coordinating the Secretariat's protocol, as well as organizing the many missions conducted by the Secretary General during the course of the year.

## Legal Office

Being vested with the responsibility of providing legal advice to the Secretary General and supervising the Secretariat's legal and contractual affairs, the Legal Office (LO) evaluated legal issues of concern to the Organization, reporting its findings to the Secretary General, and contributed to the promotion of the rule of law within the Organization and in its relations with other organizations and government bodies, as well as enterprises and individuals.

The internal and international legal issues and interests of the Organization were monitored, reported on, maintained and defended by the LO.

At an international level, it monitored and, with the assistance of international legal counsels and in close liaison with the Secretariat's legal defence team, defended a court case filed against the Organization in the USA.

On internal issues, the LO provided legal opinions to the Secretariat's governing bodies through the Secretary General on issues relating to and arising from the OPEC Conference and the BoG, as well as on litigation filed against the Organization. In addition, LO provided ad hoc reports to the Secretary General and governing bodies as required.

As well as the above, the LO analysed, advised on, recorded and followed up legal aspects of documents prepared for – and decisions taken by – the governing bodies relating to the Organization's rules and procedures. It provided legal advice and expertise to the Secretary General and management on several issues, including:

- the proposal of amendments in respect to the Organization's organs, statute and programmes, as well as financial and staff regulations;

- monitoring the legal aspects of developments pertaining to the energy sector, both nationally and internationally;
- the drafting and reviewing of contracts and agreements with external entities and individuals;
- the interpretation of the Host Agreement between OPEC and the Republic of Austria regarding privileges and immunities; and
- the monitoring of international legal issues, on which it reverted to the Secretary General and, through him, to the relevant governing body, thus protecting and advancing the interests of the Organization and its Member Countries in international forums.

The LO also undertook missions and organized training sessions dealing with international legal and industry related issues of significance to OPEC, as well as attending events when appointed by and on behalf of the Secretary General. Mission reports about the implications to the Organization and its Member Countries of such international legal, industry related and socioeconomic developments were submitted to the Secretary General. In 2012, the LO attended:

- the International Mediation, Conciliation and Arbitration involving Governments;
- the Transnational Judicial Dialogue of Domestic Courts on International Organizations;
- the 42nd International Peace Institute Vienna seminar;
- the Unconventional Story in Central-Eastern Europe;
- the European Union competition law update;

- the International Bar Association's Annual Conference;
- the 56th International Atomic Energy Agency General Conference;
- the 7th International Energy Week in Moscow;
- the United Nations Institute for Training and Research's 2012 Vienna diplomatic training;
- the first session of the International Anti-Corruption Academy's Assembly of Parties;
- International Upstream Petroleum Licensing mission;
- the National Oil Company and Government Entity Conference;
- the 12th International Trademark Conference; and
- the International Contracting Seminar.

Furthermore, the LO was involved in programmes organized by the Secretariat, such as the 12th Multi-Disciplinary Training Course (MDTC) and the delivery of presentations to a group of lawyers from Saudi Arabia and to representatives of the Gas Exporting Countries Forum (GECF), which visited the Secretariat.

The LO also contributed to the general work of the Secretariat through its membership on important committees and task forces including: the Contracts Committee; the Academic Committee and chairing of the MDTC Task Force; the Personnel Committee and the Missions Committee.

## Research Division

The Research Division (RD), which is comprised of the **Petroleum Studies Department**, the **Energy Studies Department** and the **Data**

**Services Department** (including the Information Centre), as well as the **Environmental Matters Unit**, conducted its 2012 activities in line with the Secretariat's Medium-Term Programme. These included enhanced insight into key energy developments and prospects, particularly oil markets; emphasis on data systems and documentation; and active involvement in multilateral fora and dialogue. Research priorities and areas of focus were directed by the objectives detailed in the Organization's second Long-Term Strategy (LTS), which was adopted in 2010.

### Core activities

RD carried out its regular activities in 2012, as follows:

- Provided, through the Secretary General, up-to-date and reliable information and analysis to Ministerial Conferences, the BoG, the Economic Commission Board (ECB) and similar bodies in support of energy policy related decision-making (including identification of the key driving forces behind global, regional and national oil and energy markets);
- Conducted comprehensive short-term petroleum market analysis and forecasts, and developed long-term oil market scenarios;
- Monitored energy policies, important technological developments and dynamic structures in the international petroleum industry;
- Gathered, compiled and dispensed pertinent statistical data and information, and developed complementary information technology (IT) programmes;
- Followed relevant debates and policy developments in international fora and in multilateral discussions, in order to assist Member

Countries in formulating their positions on important issues.

The OPEC Secretariat's third Medium-Term Programme (MTP III), covering the years 2013-2017, was prepared in order to reflect and respond to current and emerging developments in the energy scene, as well as to the challenges facing OPEC. The MTP III thereby establishes the framework for the Secretariat's services to the Organization, which constitutes providing optimal and continuous support to the decision-making processes of the Member Countries in key oil-related matters, through the Ministerial Conference.

The fifth OPEC International Seminar was successfully held in Vienna, enabling high-level interaction among experts and decision-makers in the examination of the wider issues and challenges facing the oil industry. The central theme of the seminar was 'Petroleum: fuelling prosperity, supporting sustainability', and topics included the global energy scene, petroleum upstream and downstream, the oil market, the world economy, financial institutions, transportation, capacity expansion, investment, national and international oil companies, technology, the environment, sustainable development and energy poverty.

The OPEC Secretariat was also actively involved in the International Energy Forum (IEF) Ministerial Meeting, which was held on 13-14th March 2012 in Kuwait. As well as presenting the *Background Paper on the Oil Outlook to 2035*, the OPEC Secretary General delivered a keynote speech in the second session on 'Energy markets: mitigating volatility', highlighting the financialisation of commodity markets and the increasing impact of speculative activities.

The RD continued to pursue its close working link with the IEF, collaborating together on several joint Group of 20 (G-20) assignments, such as price reporting agencies (PRAs), fossil fuel price volatility, market transparency and the Joint Organizations Data Initiative (JODI). OPEC was directly involved with other international organizations as a task group member.

The 2nd IEF-IEA-OPEC symposium on Energy Outlooks was held in Riyadh 23-24th January 2012 as part of the energy dialogue. The three organizations also hosted the first joint Gas and Coal Market Outlook Symposium on 4 October 2012 in Paris.

In addition, the Secretariat participated in the activities of the Vienna Energy Club (VEC), which is an informal platform for information exchange among nine Vienna-based international organizations. Biannual club meetings were held in February and October. The club prepared a brochure called *Vienna Energy Club, A Platform for Exchange*, which incorporates profiles of the Member Organizations, outlining the mission, scope, tasks and accomplishments of each.

RD was present at the regular biannual meetings of the International Monetary Fund (IMF)/World Bank, held in Washington (spring) and Tokyo (autumn), and in both cases submitted a statement on oil market developments and near-term prospects. The Organization's ongoing commitment to oil market stability was reiterated at the meetings, which constitute an influential platform allowing the Secretariat direct interaction with important decision-makers. The 2012 meeting highlighted the fragile state of the world economy and the prevailing downside risks to global growth.

RD also attended several other important events at which it delivered addresses

or background papers, including: the 30th Japan Cooperation Centre, Petroleum (JCCP) International Symposium, in Tokyo; the sixth Asian Energy Outlook IEEJ, in Vienna; the 34th Oxford Energy Seminar, in Oxford; the European Refinery Technical Conference (ERTC) 17th Annual Meeting, in Vienna; the Seventh International Energy Week, in Moscow; and the Workshop for Asian Energy Outlook, in Tokyo.

After an eventful year in 2011, with incidences that impacted both the world economy and the oil market, including natural disasters, political upheaval, and economic crises, 2012 began on a rather positive note. Market sentiment was optimistic with an ample supply of oil across the globe. At the same time, geopolitical factors kept non-fundamental drivers and speculative activities at the forefront. The elevated prices seen in March were a reflection of this push.

The market was also characterised by a growing divergence between the two key benchmark crudes, with WTI posting its first annual loss since 2009, while ICE Brent continued its upward trend for the third consecutive year. This has resulted in a widening spread between the two crudes, which averaged \$17.52/b in 2012 from \$16.37/b a year earlier.

The world economy experienced another year of deceleration in 2012, with the global economy growing by only 3.0 per cent from 3.6 per cent a year earlier. This trend, along with slowing momentum in the emerging economies, and heightened concerns over Euro-zone developments, negatively impacted the market. This effect has also become more visible, in particular through notable deceleration in developing and emerging economies. The Euro-zone financial crisis has been a major issue, inflicting further stress on still-fragile economies around

the world through declining trade activities, increasing financial instability and lower market confidence.

With greater uncertainty and the downturn in global economic prospects, oil demand growth in 2012 was muted at 0.8 mb/d. Despite supply interruptions in several countries, booming production from shale activities in North America continued to provide strong support to growth performance in non-OPEC supply. Moreover, OPEC crude oil production averaged 31.2 mb/d in 2012, which was well above market requirements, thus keeping the market well supplied amid adequate spare capacity. Oil inventories in the OECD region were at comfortable levels, as reflected by high forward demand cover, and were complemented by significant stock builds in other countries.

Short-term market analysis included ongoing reporting of current events affecting markets and crude oil prices, thus providing a thorough scrutiny of changes influencing the various areas and aspects of the oil market. Market developments and key data were carefully interpreted in the various issues of the Secretariat's internal *Daily Oil Market Report* and further analysed in the weekly *Highlights of the Oil Market*. In addition, the *Monthly Oil Market Report* offered the broader public in-depth and expansive coverage of developments affecting the various sectors of the oil industry, as well as feature articles focused on timely market issues.

Biannual reports submitted to the Economic Commission Board (ECB) provided pertinent and reliable analysis to support decision-makers. Topics of special interest, such as swings in the WTI-Brent spread, long-term trends in commodity prices, and continued risks in the Euro-zone were highlighted and expanded upon. A new fo-

cus was provided on the impact of the slowing Chinese GDP on energy and non-energy commodity prices, as well as an insightful comparison of the economies of China and India. The shift in the energy map of Japan – with escalating demand following the 2011 triple disaster – was examined. On the supply side, the global development of alternative fuels and biofuels was scrutinised, and tight oil development in the US, including the outlook for other producing regions, was highlighted. Additional topics featured included: windfalls for Asian sweet crude importers due to refinery closures on the US East Coast; estimations of non-OECD oil stocks and growing stocks outside the OECD and their implications for the supply–demand balance; regulatory developments in financial markets; and technological advancements in the tanker industry.

A follow-up report on 'Transformation of the Chinese economy' highlighted the importance of sustained high growth in the country's tertiary services sector in its economic transformation process. By ramping up domestic economic activity, the 12th development plan is expected to shift the focus of economic policy towards a domestic demand-driven, market-based economy with services becoming the major driver of economic activity.

A report on 'The impact of financial markets on oil prices, including regulatory issues and emerging challenges' underlined the harmful impact of excessive speculation, including increased volatility, distortion of the price discovery function of the commodity derivative markets, increased hedging costs for end users and the diversion of investment away from real economic activities. It further observed that the commodity markets are currently under-

going a period of 're-regulation', which should help to redress the balance in the energy derivative markets and strengthen their price discovery function, but stated at the same time, that the process of 'financialisation' is not likely to be reversed. In light of this, an ongoing dialogue with market stakeholders on this issue is essential in order to understand the evolving impact of financial markets on crude oil prices. The report also noted the growing recognition that crude oil price formation is the result of a complex interaction of physical and financial factors, including speculation in the financial markets. It discussed the role that the OPEC Secretariat has played in enhancing understanding about the impact of financial markets on crude oil prices through international dialogue, including a recent IEA-IEF-OPEC workshop on this issue, as well as collaboration with the International Organization of Securities Commissions (IOSCO), the International Energy Agency (IEA), and the International Energy Forum (IEF) on the G-20's Price Reporting Agencies (PRA) initiative.

Ongoing research into energy studies, as well as into modelling efforts and market-oriented studies, continued in 2012. Projects further focused on developing medium- and long-term analyses pertaining to supply and demand, with emphasis placed on demand in the transportation, upstream and refining sectors, as well as technological developments.

The sixth edition of the annual *World Oil Outlook (WOO)* was released in November 2012 at an OPEC Secretariat press conference. The WOO considered, in detail, the prospects for oil demand and supply up to 2035, including scenarios exploring alternative paths for the future energy scene and relating to alternative economic growth assumptions and the possibility

of a liquids supply surge, thus emphasising the uncertainties that lay ahead. The *WOO* called for serious monitoring of future developments in the energy scene and the need to remain alert to various possible outcomes. As with all previous *WOO* editions, the core of the report comes from work undertaken for RD reports based upon two OPEC Secretariat models: the OPEC World Energy Model (OWEM) and the World Oil Refining, Logistics and Demand model (WORLD).

The 2012 edition of the *WOO* saw another upward revision of the previous year's nominal OPEC Reference Basket (ORB) reference case price assumption. This was partly due to the behaviour of prices since the publication of *WOO 2011*, but also represents a further reassessment of how upstream costs might evolve, with longer term price movements also affected by environmental considerations. Economic prospects were expected to return to more normal growth patterns by 2015, with positive impacts reaching the global stage. Long-term economic growth rate assumptions are seen averaging 3.4 per cent per annum over the period 2012–2035, and reflect demographic trends, as well as progressively decreasing rates of productivity improvement. With higher growth performance from the emerging economies, the share of developing Asian countries in the world's economic activity is expected to rise in the reference case from 26 per cent in 2010 to 43 per cent by 2035. OECD regions will nevertheless continue to benefit from higher GDP per capita. Poverty, though retreating, unfortunately remains widespread in the developing world.

Primary energy demand in the reference case is expected to increase by 54 per cent over the projection period. Fossil fuels, currently accounting for 87 per cent of this demand, will still

make up 82 per cent of the global total by 2035. For most of the projection period, oil will remain the energy type with the largest share; though by 2035 coal use in the reference case reaches similar levels to that of oil, with oil's share falling from 35 per cent in 2010 to 27 per cent by 2035. Natural gas use is forecast to climb at faster rates than either coal or oil, both in percentage terms and quantity, with its share rising from 23 per cent to 26 per cent.

There is clearly potential for shale gas on the world energy scene. The main use for this gas in the foreseeable future will be to replace coal in electricity generation and as a feedstock in the petrochemicals sector. However, shale gas development is in its infancy and there are considerable uncertainties about the size of the resources, the economics of development, and the eventual contribution to future supply. Currently, shale gas production is coming primarily from North America (mainly the US). Total shale gas production in the US jumped from 15 billion cubic feet a day (bcf/d) in 2010 to 25 bcf/d in 2012. Replicating the success of US shale gas development internationally requires addressing many key challenges, including water shortages, a lack of infrastructure, higher population densities, a shortage of skilled labour and the 'not in my back yard' (NIMBY) effect.

Long-term oil demand prospects have not only been affected by medium-term downward revisions, but also by higher oil prices. Additionally, the implications of technological developments and deployment, especially in the transportation sector, contribute somewhat to downward revisions over the long term. In the reference case, demand increases by over 20 mb/d for the period 2010–2035, reaching 107.3 mb/d by 2035. The long term sees a steady



decline in demand in all OECD regions. Fully 87 per cent of the global demand increase is in developing Asia, where demand reaches 90 per cent of that of the OECD by 2035.

In line with plentiful resources and diverse supply sources, the total long-term non-OPEC liquids supply is forecast to increase strongly, by more than 10 mb/d over the projected time frame, as supplies of crude and natural gas liquids (NGLs) from the Caspian, Russia and Brazil as well as US tight oil are predicted to increase, accompanied by steady growth in biofuels and oil sands. These trends are expected to be far stronger than expected declines elsewhere. The non-OPEC supply from Canadian oil sands and biofuels in the US, Europe and Brazil continues to expand strongly, by close to 11 mb/d, in the scenario, while the global supply of NGLs rises by close to 7 mb/d over these years. These developments indicate a modest rate of growth in the demand for OPEC crude. By 2035, OPEC production would need to be at just 35 mb/d, an increase of around 5 mb/d over 2010. It should be noted that environmental concerns, questions over the availability of equipment and trained staff, rising costs, and steep decline rates potentially represent constraints on future global supply.

The scenarios for Lower Economic Growth (LEG), Higher Economic Growth (HEG) and Liquids Supply Surge (LSS) hint at a startling change in expectations relative to the reference case. While on the one hand they demonstrate genuine concern over demand security, on the other they underscore that circumstances could arise where considerably more OPEC crude oil will be needed than the reference case suggests.

The outlook also addressed challenges facing the downstream sector, over both the me-

dium and long term. One of the key features of downstream developments in the medium term is the ongoing shift in refining capacity from OECD countries to the developing world, which means new capacity additions in Asia in contrast to refinery closures taking place predominantly in the OECD countries. In the long term, downstream expansion is driven by growing demand for refined products and tightening product quality specifications. Gasoil/diesel is expected to witness the largest volume gain, increasing by more than 10 mb/d between 2011 and 2035, mainly due to the growing transport sector, including marine bunkers.

A study entitled 'Transportation technologies: evolution or breakthrough?' concluded that in the foreseeable future the main trend in marine, aviation and road transport will be towards improving existing technologies by various means and in incremental steps. Electrification will penetrate road transport more significantly through small vehicles and short distance applications, but to a much lesser degree with cars, trucks or buses. Liquefied natural gas (LNG), on the other hand, will be considered for larger vehicles, ships and long-distance travel. Compressed natural gas (CNG) technology will remain confined to cars and light trucks used for short- and mid-distance travel. The future penetration of biofuels appears to be rather limited, unless major breakthroughs in third generation algae-based technologies occur.

The Transportation Technology Workshop and Brainstorming Meeting, held in Vienna, focused on the diffusion of new technologies in the transportation sector and their implications for oil demand through efficiency improvements and substitution of alternative fuels.

The study on 'India's 11th five-year plan analysis and new perspectives for the 12th five-year plan' looked into GDP growth prospects, energy policies and oil sector developments. In a report entitled 'Shale oil and shale gas: global resource base and future prospects for supply', the recent significant increases in North American shale oil and shale gas production are examined.

Recent developments in respect to the fiscal framework of non-conventional oil and gas in general, focusing on shale gas and coal bed methane (CBM) in particular, were analysed in the study 'Development of worldwide fiscal frameworks for non-conventional oil and gas resources: trends and potential implications'. The work concluded that even though many countries have expressed interest in the successes achieved by the US and Canadian shale gas producers, they may not be easily replicated elsewhere due to several challenges, such as the comparatively undeveloped state of oil field service companies, regulated domestic gas prices, limited subsurface data, poor pipeline access, environmental issues and community challenges, as well as undefined fiscal and regulatory regimes.

### **Energy dialogue**

As part of ongoing cooperation with the G-20 on energy-related initiatives, several meetings, conference calls, and analyses were devoted to the following topics: the G-20 Initiative on oil price reporting agencies, including collaboration on the report 'Principles for oil price reporting agencies'; the G-20 Energy and Commodity Markets Working Group, which encompasses a joint report on 'Increasing transparency in international gas and coal markets'; the Joint Organizations

Data Initiative (JODI); and the fourth meeting of the G-20 working group on global marine environmental protection. These collaborative efforts have been carried out, when possible, under the aegis of the International Energy Forum (IEF) and within the framework of the producer-consumer dialogue.

The EU-OPEC energy dialogue, which began in June 2005, has become a significant part of OPEC's continuing efforts to promote dialogue and cooperation among oil producers and consumers. The ninth EU-OPEC ministerial meeting was held in Brussels on 28 June 2012. Recent economic and financial developments, and the oil market outlook, including the European Commission's latest policies on energy, were elaborated. The meeting reviewed the findings of a joint study on the 'Potential of technological advances in the road transportation sector'. Joint activities for the year 2012-13 were also agreed upon.

The EU-OPEC 'Roundtable on the safety of the offshore oil and gas industry' was held 30 November 2012 in Brussels. Participants discussed how to minimise risks and deal with the consequences of offshore accidents. Proper technology, human competence, safety culture and transparency were highlighted as major factors in preventing accidents.

As part of the ongoing OPEC-Russia energy dialogue, a ministerial-level energy roundtable was held in Vienna on 2 September 2012. Discussions covered the current state of the world oil market and long-term perspectives, as well as the oil and gas sectors in the Russian Federation.

Part of the dialogue with consuming countries includes the Secretariat's participation in the IEA Greenhouse Gas R&D Programme and

the Global Carbon Capture and Storage Institute, which focuses most of its efforts on carbon capture and storage (CCS). Its primary role with respect to CCS is to review and report on technologies being developed by others, facilitate technology R&D and look for gaps in R&D efforts. In 2012, OPEC participated in the programme's 41st Meeting of the Executive Committee (ExCo), held in Bergen on 9–10 May 2012.

On a similar topic, the IEA and OPEC organized a joint workshop on 'The use of CO<sub>2</sub>-EOR' in Kuwait City on 7–8 February. The workshop provided a thorough examination of carbon dioxide-enhanced oil recovery, with emphasis on the growing importance of CO<sub>2</sub>-enhanced oil recovery to CO<sub>2</sub> storage.

The OPEC Research and Development Forum has been transformed into a biennial forum, to be organized at the OPEC Secretariat in 2013. A range of technology-related subjects relevant to the interests of OPEC Member Countries will be addressed at the forum, which should serve as a platform for discussion and the exchange of views in the fields of oil and gas research, development and technology transfer.

### **Environmental debate**

RD continued in 2012 to focus on understanding the challenges facing the energy sector through evolving multilateral governance in sustainable development in general and climate change in particular. In 2012, several reports and studies were prepared covering a wide range of issues, including 'Financing mechanisms in climate change negotiations' and the 'Rio+20 review of energy issues in the context of sustainable development'. The Secretariat provided Member Countries with a platform to exchange views on matters of shared interest related to

multilateral negotiations on climate change – particularly during the UN Framework Convention on Climate Change (UNFCCC) negotiation sessions – and on sustainable development in 2012 through the platform of coordination meetings. In preparation for two major events in 2012 – the COP18/CMP8 in Doha, and the Rio+20 conference in Rio de Janeiro – analytical reports were prepared which reviewed energy issues in the context of sustainable development and examined substantive issues in the draft outcome text of the conference.

### **Database and communications**

The field of data services in 2012 encompassed expanding, updating and validating statistical databases, as well as the development and maintenance of application systems to accommodate the needs of the Secretariat and the Member Countries. Emphasis was placed on system administration and support to facilitate the access of Member Countries' users to the intranet. This was facilitated through upgrading the navigation and improvements to a global search utility, download facility and user support features.

The quality and timeliness of data received from the Member Countries in 2012 was further enhanced through the ongoing process of improving the flow of regular oil data and energy statistics. The expanded statistical data coverage has been beneficial in enhancing Secretariat reports and analyses.

Delivery of key and up-to-date information to end users is facilitated through regular dissemination of electronic reports, including publications such as the *Annual Statistical Bulletin (ASB)*, the *Quarterly Energy and Oil Statistics (EOS)* and the *Annual Report (AR)*. Activities

to expand data exchange directly through electronic means and sources also increased in 2012. Data provided for the online statistical reports on the OPEC intranet are continuously updated to better address end user requirements. The implementation of all changes in country groupings, such as accommodating new OECD members, is undertaken on an ongoing basis. These modifications serve as inputs to the Secretariat's short- and long-term models.

Data quality was assured through careful validation, consistency checks and analysis, while 'report cards' were regularly distributed to Member Country statisticians in order to monitor the quality of data submitted to the Secretariat. The 11th OPEC Annual Statistical Meeting – held at the OPEC Secretariat 31 January–1 February 2012 – aimed to further improve the flow of regular oil and energy statistics from Member Countries through the exchange of experiences with energy databank management and utilisation of OPEC's statistical databases.

The Secretariat continued its active stance in promoting oil data transparency and harmonising oil data definitions through the Joint Organizations Data Initiative (JODI), attending JODI inter-Secretariat meetings held in Vienna and Paris during 2012, as well as the Sixth InterEnerstat meeting held in Paris, which focused on harmonising energy-related definitions. In addition, the Secretariat attended the Second JODI Gas Data Transparency Conference in Doha, Qatar, in May 2012 as an observer.

All in-house developed software systems were maintained and expanded, as necessary, to meet the needs of Member Countries. This included placing the new OPEC intranet-based application Print Request Form into the Oracle portal staff page. The application is

aimed at facilitating internal printing request procedures.

The Application Portfolio Assessment Project was carried out and viewed as a strategic instrument to steer and streamline the assessment of future applications. In addition, the Electronic Document and Records Management System was introduced. The Data Services Department (DSD)/DG continued to provide administrative and technical software support for the OPEC website. Further, the OPEC Intranet was improved in order to establish new features, such as an integrated leave application for staff, electronic leave system, user training, roll-out and subsequent support and help desk.

The OPEC Information Center continued to assist Secretariat staff in their research activities by providing them with electronic and non-electronic services. It also continued to carry out its regular duties to deliver key and up-to-date information to end users through regular dissemination of reports and data and to support the publication of OPEC reports.

Research analysts in the division took active part in the OPEC Energy Review (OER) peer review process. The meeting of the Editorial Board in June 2012 reviewed potential areas for further improvements in OER contributions to research.

The Academic Committee, under the Research Division Director, places high importance not only on knowledge infusion into the Secretariat, but also on consolidation of all its academic-related activities. This is supported in action, through the provision of training opportunities to young professionals from Member Countries. The responsibility for the Multi-Disciplinary Training Course (MDTC) and Summer

Fellowship Programme (SFP) were placed under the Academic Committee.

The 12th MDTC was held on 16–20 April 2012 at the Secretariat, with 37 participants from nine Member Countries attending the course. Participants learned about the latest developments in many areas essential to the oil industry, including the short-term petroleum market, energy modeling, data, as well as long-term and multilateral issues related to the oil market.

The Summer Fellowship and Internship Programme accommodated ten participants in 2012. Research topics included: patterns of oil consumption; emissions trading and the energy sector; testing for convergence of *per capita* demand for oil in developed and emerging economies; estimating income and price elasticities of oil demand in the Group of Seven and 'BRICS' (Brazil, Russia, India, China and South Africa) countries; relationships between commodity futures markets and inventories; evaluating refining margins in the replacement value methodology model in comparison to secondary sources; evolution in heavy duty vehicles and its impact on oil demand; the role of exploration and production technologies on global oil supply; and China's 12th five-year plan – direct implications for OPEC Member Countries.

The Secretariat saw a number of high-level visits in 2012 under the policy of promoting technical exchange and dialogue. These included delegations from the Japan External Trade Organization (JETRO), the Ministry of International Trade and Industry (MITI) Japan, Goldman Sachs, ENI, the United Nations Development Programme (UNDP), the Interdepartmental Program Associate, Council on Foreign Relations, USA, IHS CERA, PFC Energy,

Statoil Hydro, EnSys Systems, JBC Energy, the German Federal Office of Economics and Export Control (BAFA), the Toyota Corporation, India's Oil and Natural Gas Corporation, the Bosch Group, Haver Analytics, FEV GmbH, the Gas Exporting Countries Forum (GECF), Indonesia, Thailand, the Institute of Energy Economics Japan (IEEJ) and SINOPEC. In addition, high-level Member Country delegations from the United Arab Emirates and Saudi Arabia were received and technical meetings held.

## PR and Information Department

In 2012, two major events stand out for OPEC – the 5th OPEC International Seminar and the First Annual Public Relations Workshop for Member Countries' National Oil Companies (NOCs) and Ministries of Petroleum (MoP).

In all key activities, the Public Relations and Information Department, (PRID), played a very positive role in supporting the work of the Secretariat and advancing the goal of a stable oil market. In order to do this, PRID utilised its three sub-programmes, namely Design/Production, Editorial/Publications and Public Relations. The department used various means – including speeches, press releases, briefings, publications, workshops, audio-video presentations, photography and its website – to present a clear, concise and compassionate image of OPEC to the industry, the media and the public.

This, of course, required close cooperation with other departments and offices, which were provided with editorial, audio-visual and design and production expertise to enhance the output of the Secretariat. PRID's work also included the selecting, commissioning and briefing of consultants, printers and service companies.

### **5th OPEC International Seminar**

In 2012, the 5th edition of the OPEC International Seminar was held at the historic Hofburg Palace in Vienna and PRID was very much involved in organizing a hitch-free seminar. From recommending consultants to preparing drafts of letters and other required documents, PRID, working alongside the different committees and all departments, was an effective liaison between the Secretariat and consultants.

The department also effectively mobilised the media for coverage of the seminar and coordinated all logistics around the conferment of two OPEC awards –the OPEC Award for Research and the OPEC Award for Journalism – which constituted an integral part of the seminar.

### **Workshop**

For the first time in a very long while, public relations managers from Member Country NOCs and MoP gathered in Vienna for the maiden edition of what is to become an annual event for the Secretariat – the First Annual PR Workshop for Member Countries NOCs and MoP. Ten Member Countries were represented during the workshop, which took place at OPEC's Vienna headquarters. In addition, resource persons were drawn from Austrian oil company OMV, Chevron and independent media training outfit ETreanor.com. PRID and the Research Division (RD) prepared and delivered presentations that shed more light on the activities of the Secretariat.

### **Publications**

There was especially close cooperation between PRID and RD in the field of publications. While PRID was primarily responsible for editing, design, production, printing and distribution,

its input with regard to producing or sourcing content varied greatly according to publication. For example, for the regularly produced *OPEC Bulletin*, much of the content is generated by PRID. On the other hand, the overall direction and content of specialist technical journals, notably the *OPEC World Oil Outlook* and the *OPEC Annual Statistical Bulletin*, was very much in RD's hands. The *OPEC Energy Review* was treated differently from other publications. While it was edited and published by Wiley-Blackwell, PRID coordinated all the administrative logistics, including dealing with authors, the office of the Director of Research, the General Academic Editor and the publishers.

### *OPEC Bulletin*

The activities of the Secretariat and Member Countries continued to be the focus of the Secretariat's regular publication, the *OPEC Bulletin*. Content broadened out to cover the industry at large, related areas such as the environment and sustainable development, other oil-producing countries, alternative energy, energy dialogue and the OPEC Fund for International Development (OFID). Incisive and well-argued commentaries on topical issues, analytical features on current market developments, well-crafted and engaging arts and life stories and a detailed look at the oil market made every copy of the *OPEC Bulletin* a delight to read. In particular, the 5th OPEC International Seminar received special coverage in the June/July double edition, while other activities – such as the Eighth Ministerial-level Meeting of the EU-OPEC Energy Dialogue, which took place in Vienna in June, and the 20th World Petroleum Congress, hosted by Member Country Qatar – were very well covered.

Full coverage was also granted to the 161st and 162nd Meetings of the Conference in June and December, respectively, as well as to the media presentation of the Secretariat's two very important publications, the *World Oil Outlook* and the *Annual Statistical Bulletin*. The First Annual PR Workshop also received a lot of attention.

#### *OPEC Energy Review*

The *OPEC Energy Review*, the Organization's prized quarterly academic journal, published since 1976, held its second Editorial Board meeting following its re-launch in 2008. Altogether, OPEC has published an estimated 800+ analytical papers on the industry and related areas in this series of journals, underlining the importance it attaches to insightful research into such issues. In conjunction with the General Academic Editor, submitted articles were reviewed by RD and administered by PRID before being sent to Singapore, where they were published and distributed by the Oxford, England-based Wiley-Blackwell, on behalf of OPEC in a long-standing joint publishing arrangement. This will continue in 2013.

#### *OPEC World Oil Outlook*

The sixth edition of the *World Oil Outlook (WOO)* was published in November 2012. Since 2007 when it was first published, the *WOO* has established itself as one of the forward-leading publications in the energy industry, and is sought after by many, including policy-makers and research institutes. This, no doubt, underlines the new dimension and robustness it has brought to the dissemination of the Organization's research and analysis to a wider audience. Published alongside the *WOO* are an executive summary and compact disc (CD) version.

As with the *Annual Statistical Bulletin* below – for which RD provided the content and PRID contributed editing, production and distribution services – the department steered *WOO* through the same procedures. In addition, it organized a press conference and mobilised the media and analysts to attend, thus ensuring wide dissemination of the publication.

#### *OPEC Annual Statistical Bulletin*

The objective of the *Annual Statistical Bulletin (ASB)*, first published in 1965 is to "provide accurate, reliable and timely historical data on various aspects of the global oil and gas industry". Since then, the Secretariat has worked to keep faith with this objective, making it a useful reference tool for people in the industry and around the world. In 2012, this goal still drove publication of the *ASB*.

Well packaged, less bulky and attractive to readers, the 2012 *ASB* was published in hard copy, on CD and in an interactive online version on the OPEC website. As with *WOO*, the content of the *ASB* was put together by RD, while PRID saw to its editing, design, production, printing, launch and distribution. In 2012, the department went a step further, researching more organizations, groups, institutions and government agencies to which information in the *ASB* would be of importance, creating a dedicated distribution list for the publication.

#### *OPEC Annual Report*

The *Annual Report* is a publication that chronicles the activities of the Secretariat in the previous year. This tradition continued in 2012 and as usual, contributions came from all departments and offices. PRID handled all the input, providing concise editing, a well-

packaged design and production, as well as eventual distribution.

### **Distribution**

Distribution of printed materials plays a very important role in disseminating information about the Organization's activities. In realisation of this important role, PRID continued to maintain and update its mailing lists, covering the media, press, analysts, news agencies, banks, investment companies, universities, government institutions and so on. Upon the release of any Secretariat publication, the department ensured its timely dispatch to all those on the Organization's mailing lists, while email alerts were sent to all those on email lists. The children's book *I Need to Know: An Introduction to the Oil Industry and OPEC* saw an enlargement in its distribution to 2,204 additional recipients.

### **Press relations and monitoring**

The department continued to provide support to members of the press, attending to their enquiries, facilitating interviews, providing the necessary facilities for on-site/live coverage of events, assisting with accreditation and producing background publications for Conferences. Several media briefings were also organized for the Secretary General.

Mindful of the need to keep abreast of what is happening in the industry and other energy-related fields, and to stay informed about news and commentary concerning Member Countries and the Organization, PRID continued in 2012 to produce the 'Daily News Summary' (DNS) and 'What the Papers Say' (WTPS) and maintained its subscription to Thompson Reuters, Meltwater and Factiva, the news-aggregating instruments

that cover the media of both Member Countries and consuming countries.

### **Speechwriting and similar tasks**

During the course of 2011, the demand for speeches for the Secretary General, the President of the Conference and other Ministers and key officials of the Secretariat was again high. Speeches prepared by PRID, in conjunction with RD and often to very tight deadlines, highlighted how OPEC pursued market stability and the security of demand and supply, among other key messages.

The messages were delivered by senior OPEC officials at conferences, seminars and workshops across the world. Such events attracted top-level participants from all sectors of the energy industry, as well as associated areas of government, academia and media. They included meetings organized by OPEC – such as the two regular Ministerial Conferences at the Secretariat in Vienna – as well as those organized jointly with other groups – such as meetings of the EU-OPEC Energy Dialogue and those held with the IEF.

Many articles and interviews were also drafted for the Secretary General during the year. These were normally prepared on request from external publications and other media.

### **Audio-visual/multimedia**

PRID's audio-visual (AV) service was very much in demand in 2012, and all requests were met. These included the production of five films – the JODI film for IEF, the year-in-review, Staff awards, a 30" advertisement for the OPEC Seminar and the Secretariat films. There was also coverage of the 18th International Oil, Gas, Refining and Petrochemical Exhibition



in Teheran, coverage and production of on-demand interviews of the 13th IEF Ministerial meeting in Kuwait for both the OPEC and IEF websites, live streaming, live broadcasting, coverage and production of videos on demand of the 5th OPEC International Seminar, as well as coverage and production of videos on demand of the First Annual PR workshop and the WOO-ASB press conference. The department also covered the 9th EU-OPEC Energy Dialogue in Brussels, while the recovery of 50 videos covering key OPEC events for uploading to the OPEC website continued.

Also, live-streaming, live-broadcasting and on-demand videos were made available through the OPEC website for the 161st and 162nd meetings of the OPEC Conference. The now-regular 'Oil Market Insight' sessions before the two Ministerial Conferences were filmed and videos-on-demand were produced for the OPEC website.

Photo coverage was undertaken for archival purposes of all official visitors to the Secretary General, student visits, Board of Governors (BoG) and Economic Commission Board (ECB) Meetings, the MDTC, workshops and roundtables, while the department distributed photographs to the international media and to its editors for publication purposes. It also assisted in, and provided video and photo coverage for the outreach programme. Loops for Meetings of the Conference and other events were also produced. In addition, DVDs and CDs of documentaries and photos were produced and distributed to Governors, Officers leaving the Secretariat and Member Country embassies requesting coverage of their activities.

Overall, there were 75 exclusive live interviews with OPEC officials and other international figures, while further interviews with analysts

and journalists were conducted during live-streaming and published on the website's multimedia section.

### **Special projects**

PRID continued to update the 'Who is Who' and 'Wheel of Time' stand-alone information consoles and completed the recovery of old videos for the OPEC website as well as moving forward on the 'Cumulus Photo Archive' and website 'Photo Gallery' projects.

### **Website**

The OPEC website is a very important PR tool for the Organization and in 2012, PRID continued to maintain and update the content of the website in a timely and accurate manner with press releases, speeches, statements, data and graphs, videos on demand, related MC information, employment opportunities, etc. This led to an increase in the number of visits to several website pages in general and to the home page in particular. PRID also introduced new applications and features to the website to improve on its look, feel and reachability. These include the FlipBook application for OPEC publications and a new YouTube account. The online accreditation form was reviewed to make it clearer and more concise. PRID also started working on enhancing the structure and functionality of 'Videos on Demand' on the website, a project expected to be finalised in 2013.

### **Email list**

Messages need to be well disseminated for them to achieve the right results. Aware of this, the department not only maintained but also updated the email lists of news organizations, journalists, banks, analysts etc., which were

used to forward press releases, publications, website update alerts, daily and weekly basket price data, announcements and general press info in 2012. The lists proved to be a timely and effective way to inform the public about OPEC and its activities. PRID also monitored emails received through the website and addressed various public enquiries about website content, the Organization and its MCs.

In addition, the department continued to monitor the 'Web Trends Analysis Report' on the different sections of the website and in so doing was able to monitor traffic to the website and areas of particular interest to users. The website pages received nearly four million clicks during the year.

Twelve podcasts of the MOMR were produced and aired during 2012, highlighting OPEC's key messages about the oil market, while the website continued to serve as a window to the live-streaming of OPEC events.

### **Briefings**

During the year, 75 groups, totaling 1,919 visitors and established professionals from many different countries visited the Secretariat for presentations on OPEC's background, structure, aims and activities. These visits were usually followed by lively question-and-answer sessions, and participants were invited to take copies of the Organization's latest publications.

### **Outreach programme**

OPEC's outreach programme started in 2011 and was received with great interest by Austrian schools. The programme was further consolidated in 2012 with the aim of strengthening communications and promoting constructive

dialogue with local institutions. During the year, PRID visited schools in Vienna and Salzburg (including the American International School) as well as the Austrian national oil company, OMV, and gave briefings on OPEC's structure, activities, Member Countries and role in the oil market.

### **Internships**

As part of the outreach programme, a special one-month unpaid internship arrangement was reached between the Secretariat and Webster University (Vienna Campus) in 2012. The objective was to create an opportunity for the university's students to better understand the Organization and its Member Countries through close interaction. The first intern under this arrangement joined the Secretariat from 19 November to 14 December 2012. In addition, PRID received and supervised two other student interns who spent one month each at the Secretariat.

### **Missions and training programmes**

In 2012, PRID staff undertook six missions and four training programmes and accordingly produced reports on these activities, which were either published in the OPEC Bulletin or submitted to the Missions Committee.

### **Advertisement**

As a way of publicising the Organization's activities, advertisements were carried in the following three media:

- Vienna Energy Review
- Rat und Rundsel
- CNN – a free-of-charge advertising slot

was negotiated by PRID for promotion of the 5th OPEC International Seminar.

### **Corporate gift items**

In 2012, the Secretariat received numerous guests who either came on courtesy visits to the Secretary General, for workshops and conferences, or for regular briefings. Efforts were made to ensure that every visitor received a corporate gift item. PRID was responsible for selecting these items and ensuring that they were tastefully produced with the OPEC logo. The strategically chosen corporate gifts ranged from quality leather and silk items to pens, t-shirts and publications, among others.

### **Exhibitions**

Seizing an opportunity to publicise the activities of the Organization, PRID – on behalf of the Secretariat – attended and mounted an exhibition at the 18th International Oil, Gas, Refining and Petrochemical Exhibition in Teheran. Visitors were not only briefed about the activities of OPEC, they received publications such as the *World Oil Outlook*, *Annual Statistical Bulletin*, *Annual Report* and *OPEC Bulletin*, as well as the children's book entitled *I Need to Know: An Introduction to the Oil Industry and OPEC*, among others. In addition, visitors to the stand took home corporate gift items. PRID was also at the 13th IEF Ministerial meeting in Kuwait, where it mounted an exhibition of the Secretariat's publications and handed gift items out to visitors. The department engaged the numerous high level guests at the 5th International OPEC Seminar, showcasing the activities of the Secretariat; PRID ensured that every guest at the seminar went away with one or more publications, in addition to corporate gift items.

### **Other areas**

In addition to the above, PRID was involved in other activities of the Secretariat through the

provision of important services in the areas of design and/or production of background information, badges, nameplates, notepads, logos, programmes, etc., as well as arranging for AV facilities and accreditation for meetings, workshops, conferences training courses and seminars. The department also produced certificates, business cards, complimentary cards, invitation cards, festive cards, gift designs, CD covers and flyers.

PRID revised and updated numerous reports, booklets and pamphlets, such as: the *MOMR*; the *Annual Summary of Secretariat's Activities*; the *Staff Regulations*; the *12th MDTC booklet*; and *Who Gets What from Imported Oil?* It also produced a Vienna tourist guide for the PR workshop.

## **Administration & IT Services Dept**

Routine administrative activities consist of providing office and travel services, upkeep of the premises and residence, effecting arrangements for all meetings and entertainment functions in Vienna, and implementing the Headquarters Agreement. During 2012, the third year in the new OPEC premises, special attention was paid to ensuring the proper functioning of all installations and structures prior to warranty inspections, which were carried out together with the landlord's team in the third quarter of the year. Some minor adjustments and additional purchases were undertaken in order to optimise the working environment for Secretariat Staff Members. The fire prevention and evacuation procedures were finalised and presented to all staff. Much time was devoted to the disposing of 218 redundant items of furniture and equipment. The first half of the year included intensive preparation and

organising of logistical arrangements for the 5th OPEC International Seminar.

The IT Services Section provided cost-effective, secure and reliable information technology services to the Secretariat throughout 2012, as well as printing, telecommunications and mail/courier services.

Apart from its routine activities, the Section carried out the following projects in 2012:

- the finalisation of migration of all Common Operating Environment (COE) desktops/laptops to Windows 7 and Office 2010, in alignment with the current Microsoft product life cycle roadmap;
- the implementation and configuration of 'Desktop Central', a centralised Systems Management Solution aiming to:
  - enhance the COE client deployment process;
  - constantly apply software updates and patch management;
  - produce software inventory and reporting.
- the implementation of a centralised management solution to manage A1 mobiles and SIM cards using A1 software;
- the migration of Reuters Citrix clients to Reuters EIKON software;
- the review and reorganisation of ADOBE licences for Acrobat and Creative Suite;
- the implementation of the electronic printing system on the Intranet in order to effectively manage printing requests;
- the upgrading of multifunction (print, copy, scan) machines and;
- the provision of support to the Development Group of the Data Services Department to implement the new Document Management System (DMS).

## Finance & Human Resources Dept

Staff Regulations, Financial Regulations and Financial Rules and Procedures as envisaged in the Finance and Human Resources Department Work Programme were finalised and updated by the Department in 2012. This was done in addition to its day-to-day activities of providing services related to managing the human and financial resources of the Organization.

Several documents were produced by the Finance Section in 2012. These include the Financial Report for 2011, the Provisional Financial Statement for 2012 and the Draft Budget for 2013, all of which were presented to the BoG. The Section continued to update the Financial Regulations and the Financial Rules and Procedures to reflect amendments arising primarily from the implementation of the 'Strengthening the Secretariat Project'. These proposals were presented to and approved by the BoG, after which updated documents were produced and distributed accordingly.

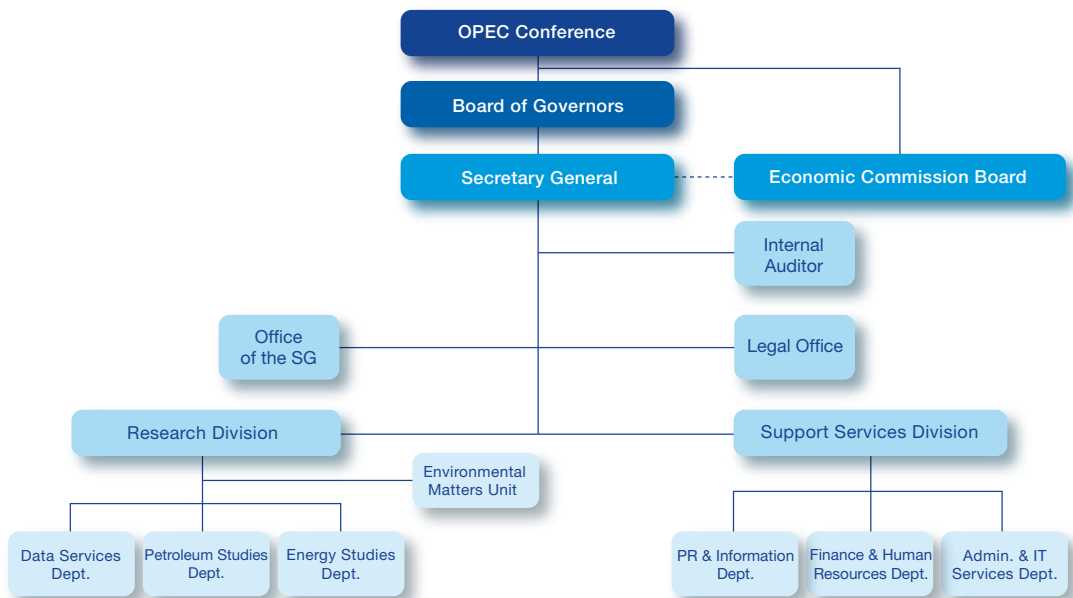
In addition to its regular duties of providing personnel related services to the Secretariat, the Human Resources Section continued to monitor all HR processes with a view to improving the efficiency of each procedure, the quality of services and the accuracy of data produced by the Section through the application of modern technology wherever possible. Further, following a decision made at the 138th Meeting of the Board of Governors in May 2012, the second half of the year saw the Human Resources Section begin work on a five-year review of salaries and allowances as stipulated under Article 5.14 of the Staff Regulations. Since this project was not planned for 2012, a consultant was not engaged to conduct a bench-

mark survey of salary/allowances. Instead, the Section collected the necessary information and data through close relations with its counterparts in other Vienna-based international organizations and finalised its submission to the 139th BoG Meeting in November 2012. Due to time constraints, however, discussion of the

Secretariat's report regarding the review of salaries/allowances was deferred to the meeting scheduled for May 2013.

Thus, it is anticipated that the Section will be heavily engaged in fine-tuning this report and implementing the proposals to be presented to and approved by the Board in May 2013.

Organigram of the Organization:



# Heads of Delegation

## Algeria



HE Dr Youcef Yousfi

## Angola



HE Eng José Maria Botelho de Vasconcelos

## Ecuador



HE Wilson Pástor-Morris

## IR Iran



HE Eng Rostam Ghasemi

## Iraq



HE Abdul-Kareem Luaibi Bahedh

## Kuwait



*HE Dr Mohammad Al-Busairi to February 2012*

## Kuwait



HE Hani Abdulaziz Hussain

**Libya**



*HE Eng Abdurahman Benyezza to November 2012*

**Libya**



HE Dr Abdel Bari Ali Al-Arousi

**Nigeria**



HE Mrs Diezani Alison-Madueke

**Qatar**



HE Dr Mohammed Bin Saleh Al-Sada

**Saudi Arabia**



HE Ali I Naimi

**UAE**



HE Mohamed Bin Dhaen Al Hamli

**Venezuela**



HE Rafael Ramirez

# Board of Governors

## ALGERIA

Ahmed Messili

## ANGOLA

Felix Manuel Ferreira

## ECUADOR

Diego Armijos-Hidalgo

## ISLAMIC REPUBLIC OF IRAN

Seyed M A Khatibi Tabatabai

## IRAQ

Dr Falah J Alamri

## KUWAIT

Miss Siham Razzouqi

## LIBYA

Ahmed M. Elghaber *(To February)*

Samir Salem Kamal *(From February)*

## NIGERIA

Eng Goni Musa Sheikh *(To November)*

Amb Abdulkadir A Musa, mni *(From November)*

## QATAR

Issa Shahim Al Ghanim

Chairman of the Board in 2012

## SAUDI ARABIA

Dr Majid A Al-Moneef *(To February)*

Yasser M Mufti *(From March)*

## UNITED ARAB EMIRATES

Dr Ali Al-Yabhouni

## VENEZUELA

Dr Bernard Mommer

# Economic Commission Board

## ALGERIA

Mrs Yamnia Hamdi

## ANGOLA

Luis Neves

## ECUADOR

Eng Diego Armijos-Hidalgo

## ISLAMIC REPUBLIC OF IRAN

Safar Ali Keramati

## IRAQ

Adel K M Al-Taee

## KUWAIT

Ms Nawal Al-Fuzaia

## LIBYA

Imad A Ben Rajab

## NIGERIA

Suleman Ademola Raji

## QATAR

Sultan K Al-Binali

## SAUDI ARABIA

Dr Ahmad M A Al-Ghamdi *(To February 2012)*

Dr Nasser A Al-Dossary

## UNITED ARAB EMIRATES

Hamdan Mubarak Al Akbari

## VENEZUELA

Fadi Kabboul



# Officials of the Secretariat

## Secretary General

Abdalla Salem El-Badri

## Research Division

Dr Hasan M Qabazard – Director

## Data Services Department

Fuad Al-Zayer – Head *(Left in July)*

Nabeel Almojil

Puguh Irawan *(Left in December)*

Ramadan Janan

## Energy Studies Department

Oswaldo Tapia – Head

Mohammad Khesali *(Left in January)*

Benny Lubiantara

Dr Taher Najah

Julio Arboleda Larrea

Ms Amal Alawami

Mehrzad Zamani *(Joined in April)*

## Petroleum Studies Department

Dr Hojatollah Ghanimi Fard – Head

Dr Mohamed El-Shahati *(Left in August)*

Dr Mehdi Asali *(Left in December)*

Dr Odalis Lopez Gonzalez

Esam Al-Khalifa

Haidar Khadadeh

Elio Rodriguez Medina

Eissa Alzerma

Anisah Almadhayyan *(Joined in May)*

## Environmental Matters Unit

Dr Mohammad Taeb

## Office of the Secretary General

Abdullah Al-Shameri – Head

## Legal Office

Ms Asma Muttawa– General Legal Counsel

Ali Nasir

## Finance and Human Resources Department

Alejandro Rodriguez Rivas – Head

Ms Layla Abdul-Hadi *(Left in July)*

Abiodun Ayeni

## Administration and IT Services Department

Alejandro Rodriguez Rivas – Officer in Charge

Ayodeji Adeosun *(Left in July)*

Badreddine Benzida *(Joined in December)*

## Public Relations and Information Department

Ms Angela Ulunma Agoawike – Head

Ms Zoreli Figueroa

*Pictured below are the Members of Management.*

*Seated: (middle) Abdalla Salem El-Badri, Secretary General. Left-to-right: Dr Hojatollah Ghanimi Fard, Head, Petroleum Studies Department; Oswaldo Tapia, Head, Energy Studies Department; Abdullah Al-Shameri, Head, Office of the Secretary General; Ms Asma Muttawa, General Legal Counsel; Ms Angela U Agoawike, Head, PR and Information Department; Fuad Al-Zayer, Head, Data Services Department; Alejandro Rodriguez Rivas, Head, Finance and Human Resources Department, and Officer in Charge, Administration and IT Services Department; and Dr Hasan M Qabazard, Director, Research Division.*



# Secretary General's diary

**30 January–  
1 February**

The Chatham House Conference, MENA, 2012, London, UK



*Abdalla Salem El-Badri, OPEC Secretary General at the 13th IEF Ministerial Meeting in Kuwait.*

**12–13 March**

13th IEF Ministerial Meeting, Kuwait

**25 April**

High-Level Meeting with Board of Management Members  
of Robert Bosch GmbH, Stuttgart, Germany



*OPEC Secretary General, Abdalla Salem El-Badri (r), and Secretary General of IEF, Aldo Flores-Quiroga (l) during the 13th International Oil Summit in Paris, France.*

**3 May**

13th International Oil Summit, Paris, France

**18–25 June**

UNCSD Conference Rio+20, Rio de Janeiro, Brazil

**28 June** 9th EU/OPEC Ministerial Meeting, Brussels, Belgium



*Abdalla Salem El-Badri, OPEC Secretary General speaking at the European Mineral Resources Conference in Leoben, Austria.*

- 19 September** European Mineral Resources Conference 2012 (EUMICON), Leoben, Austria
- 28 September** German Council on Foreign Relations and Wintershall Energy Policy Event, Berlin, Germany
- 6 November** OMV Business Talk, Vienna, Austria
- 12–14 November** Oil and Money 2012 Conference, London, UK



*Abdalla Salem El-Badri (c), OPEC Secretary General; Maria van der Hoeven (l), Executive Director of the IEA; Aldo Flores-Quiroga (r), Secretary General of the IEF.*

- 26 November** European Roundtable of Industrialists Plenary Meeting, Vienna, Austria
- 2–8 December** High-level Segment of the UNFCCC COP18/CMP8 Meetings, Doha, Qatar

# Calendar 2012

- 16/01** Brainstorming of Eminent Persons for Preparation of MTPS 2013–2017, Vienna, Austria
- 23/01** 2nd IEF/OPEC/IEA Symposium on Energy Outlooks, Riyadh, Saudi Arabia
- 31/01–1/02** 11th OPEC Annual Statistical Meeting, Vienna, Austria
- 2–3/02** 1st Brainstorming for Member Country Experts in preparation for Rio+20, Vienna, Austria
- 7–9/02** OPEC/IEA Workshop on CO<sub>2</sub> for EOR, Kuwait
- 13–14/03** 13th International Energy Forum, Kuwait
- 16–20/04** 12th Multi-Disciplinary Training Course, Vienna, Austria
- 22–23/05** 138th Meeting of the Board of Governors, Vienna, Austria
- 4–5/06** 2nd Brainstorming for Member Country Experts in preparation for Rio+20, Vienna, Austria
- 11/06** 117th Meeting of the Economic Commission Board (ECB), Vienna, Austria
- 12/06** Meeting of the Legal Defence Team, Vienna, Austria
- 12/06** 76th Meeting of the Ministerial Monitoring Sub-Committee (MMSC), Vienna, Austria
- 13–14/06** OPEC International Seminar “Petroleum: Fuelling Prosperity, Supporting Sustainability”, Vienna, Austria
- 14/06** 161st Meeting of the Conference, Vienna, Austria
- 20/06** JODI Coordination Meeting, Vienna, Austria
- 20–22/06** UNCSD (Rio+20), Rio de Janeiro, Brazil]

- 28/06** 9th EU-OPEC Ministerial Meeting, Brussels, Belgium
- 12-13/09** 12th Special Meeting of the ECB, Vienna, Austria
- 14/09** Technical Workshop and Brainstorming on Transportation Technology Impact on Oil Demand, Vienna, Austria
- 25/09** OPEC-Russia Energy Roundtable, Vienna, Austria
- 4/10** IEA/IEF/OPEC 1st Annual Symposium on Gas and Coal Market Outlook, Paris, France
- 22-23/10** Meeting of the Panel to Interview Nominees for Post of Secretary General, Vienna, Austria
- 5-8/11** 1st Annual Workshop for Member Countries' Public Relations Managers, Vienna, Austria
- 8/11** Press Conference on the Publication of 2012 WOO and 2011 ASB, Vienna, Austria
- 20/11** 139th Meeting of the Board of Governors, Vienna, Austria
- 25/11** OPEC Member Countries' Coordination Meeting in the run-up to COP18/CMP8, Doha, Qatar
- 26/11-7/12** COP18/CMP8, Doha, Qatar]
- 30/11** OPEC/EU Roundtable on Challenges Facing Offshore Oil and Gas Exploration, Brussels, Belgium
- 10/12** 118th Meeting of the ECB, Vienna, Austria
- 11/12** 77th Meeting of the MMSC, Vienna, Austria
- 12/12** 162nd Meeting of the Conference, Vienna, Austria



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