OPEC bulletin

4/13

Kuwait hosts First Petroleum Media Forum

El-Badri addresses springtime summit in Paris

Informal energy platform brings dialogue closer to home

OPEC's ties with Vienna stretch back nearly half a century and have always been of a friendly, constructive and mutually beneficial nature.

Secretary General, Abdalla Salem El-Badri, described the Republic of Austria and City of Vienna in 2010 as "warm and generous hosts to the Secretariat since we moved to this grand, historic city in 1965."

At the same time — that is, the 50th anniversary celebrations of OPEC's establishment five years before the move to Vienna — Austrian Foreign Minister, Michael Spindelegger, referred to "fruitful cooperation" and "an excellent relationship" between OPEC and Austria. Vienna's Mayor, Dr Michael Häupl, remarked: "OPEC is an important factor for Vienna and we are happy, grateful and proud to have been the host city for this Organization for the past 45 years. Without any doubt, OPEC is important for us — culturally, for our international reputation and, of course, it is an economic asset for our city."

Vienna and OPEC have each witnessed many fine achievements since 1965.

Vienna's growth as a centre of international organizations has proved a resounding success, and Austria's joining the European Union (EU) in 1995 — at a time of other major changes in Europe — raised its profile even further. During this time too, Vienna has reinforced its centuries-long standing as one of the world's cultural capitals and it has repeatedly appeared at or near the top of global surveys of desirable cities to live in.

OPEC arrived in Vienna in 1965 as a small group of seven oil-exporting developing countries determined to remove longstanding injustices in an international oil market that was dominated by entrenched consumer-country interests and to assert their sovereign rights to run their own oil industries and derive fair and reasonable benefits from sales of their crude. Within ten years of coming here, important grievances had been addressed by the Organization and its Member Countries and it was well on its way to becoming a major player in the international energy community. At around the same time, it set up the major development finance institution, the OPEC Fund for International Development, also based in Vienna.

One of OPEC's proudest achievements over the past 30 years has been the active encouragement it has given to dialogue and cooperation within the oil industry. Big strides with OPEC/non-OPEC dialogue were made in the 1980s and this broadened out into the producer-consumer sphere in the 1990s. This culminated in some important new processes of dialogue in which OPEC and its Vienna-based Secretariat have been heavily involved. These include the establishment of the Ministerial-level specialist producer-consumer dialogue body, the International Energy Forum, and a series of bilateral processes, of which the EU-OPEC Energy Dialogue is of most direct relevance to the Organization's relationship with the Austrian capital.

However, despite all these welcome advances with dialogue, very little has actually happened on OPEC's doorstep — that is, with other intergovernmental bodies in and around Vienna.

That is why we were pleased to join a new platform for energy dialogue when it was set up in 2009, the Vienna Energy Club (VEC), as one of its eight original members.

The club's objective is to bring together a group of Vienna-based international organizations dealing with energy to provide an informal platform for discussions and exchanges of views. As its official mandate states, it seeks to act "in a spirit of cooperation and constructive endeavour, and in the overall interests of energy harmony within Vienna."

OPEC hosted the eighth biannual meeting of the VEC at the Secretariat in late-February. In his welcoming address, El-Badri said that the club had proven that Vienna had become 'an energy hub'. He continued: "Close engagement among various parties, such as those here today, is critical for sharing ideas, developing a better appreciation of various viewpoints and seeing where we can evolve some common understanding." He said that this reflected the strength of Vienna as a centre of influence in the global energy community.

Clearly, every addition to energy dialogue helps the process at large across the world. The VEC is, without any doubt, an example of this with the broad, influential international outreach of its member organizations and their commitment to a better global order.

This is why, in OPEC, we believe it is important to participate in it.

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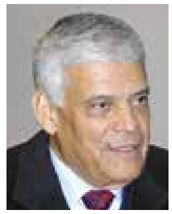

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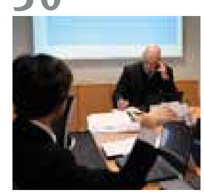

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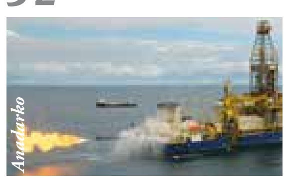

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OPEC Membership and aims

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

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Editorial policy

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Indexed and abstracted in PAIS International
Printed in Austria by Ueberreuter Print GmbH

OPEC Secretary General attends 14th International Oil Summit

Optimism in Paris

Paris was once again the setting for the annual International Oil Summit with the event's 14th edition, under the theme 'New Challenges Facing Oil and Energy', taking place at the beginning of April. As ever, the current oil market situation was a topic of debate, but with the oil market fairly well-balanced and with prices relatively stable, there was also much focus on the medium and longer terms. The ***OPEC Bulletin*** *reports from the French capital.*

"Paris in springtime has taken our hearts" goes the famous line. It is certainly true that Paris can be at its peak in spring, as the low sun provides fantastic light for the grandeur of Paris' architecture and the first hints of green leaves and blossoms add an allure. And even with early April temperatures this year struggling to rise past five degrees, the early signs of spring offered a beguiling backdrop to the city's sights.

This backdrop also played host to speakers and delegates at the 14th International Oil Summit. While proceedings were inside, rather than out, the presentations, discussions and deliberations offered up a spring-like feel: vibrant, crisp and with a sense of hope and possibilities.

Abdalla Salem El-Badri, OPEC Secretary General.

Marie van der Hoeven, Executive Director of the IEA.

More energy needed

This optimism was underscored by many of the speakers who stressed that the oil industry — and the energy industry, in general — had great prospects. The core reasons why we need more energy — both old and new — to help drive the world's future economic and social progress was highlighted by Abdalla Salem El-Badri, OPEC Secretary General, at the beginning of his speech.

"Firstly, the world population is expected to reach around nine billion by 2040, an increase of over 1.8bn from today's level.

"Secondly, the global economy will rebound in the longer term. Of course, I cannot stand here and say the current economic outlook is rosy, but we should be optimistic about the future.

"Thirdly, passenger car ownership rates are expected to more than double by 2035, from around 900 million today to close to 1.8bn by 2035.

"And fourthly, with around 3bn people living on less than two dollars 50¢/day, 1.4bn people having no access to electricity and some 2.7bn relying on biomass for their basic needs, there is huge potential for socio-economic development."

El-Badri added that all this meant that "world energy demand is set to grow", highlighting OPEC's most recent

World Oil Outlook (WOO), where world energy demand increases by 54 per cent over the period 2010–35.

It was also clear from the speakers that there were more than enough resources to meet this demand increase. Speaking specifically about oil, Christophe de Margerie, Chief Executive Officer of France's Total, said there was "no more talk of peak oil", adding that the future is bright for the industry and that "young people need not worry about joining our companies."

Christophe de Margerie, CEO of Total.

A realistic energy future

De Margerie added, however, that the world needed to be "realistic" about the energy future, accepting just "what it is". This was a point taken on by El-Badri, who said that while there is room for all energies, it "is vital that we fully understand which energies will form the core of our future. And which energies will play a more complementary role."

The OPEC Secretary General said that while "none of us can make accurate predictions … there is no doubt that we can determine some 'basic realities' about the shape of our energy future."

He underlined the role of renewables, biofuels and nuclear, all of which — to varying degrees — would play an enhanced role in the energy mix. However, it was fossil fuels that would continue to play the largest role, he said, with them still making up 82 per cent of global energy demand by 2035, albeit slightly lower than the 87 per cent seen today.

Although actual percentages of fossil fuels in the energy mix varied, the central role they will continue to play in the future was a point reiterated by a variety of speakers, with Marie van der Hoeven, Executive Director of the International Energy Agency (IEA), stating that "fossil fuels are set to remain a fundamental part of the global energy picture for many decades to come."

El Badri added that of all fossil fuels in OPEC's *WOO* 2012, natural gas is expected to witness the fastest growth rate — at close to 2.5 per cent annually — with its overall share in the fuel mix rising from 23 per cent today to 26 per cent by 2035.

"Whether gas experiences a 'golden age'," he said, "remains to be seen. It will clearly be dependent on price, profitability and sustainability."

Coal also witnesses some growth, he said, but over the forecast period its overall share falls slightly and by 2035 it will be at a similar level to oil.

"Its future prospects," he added, "will be impacted by the extent to which costs are attached to carbon emissions, as well as from competition with other sources of electricity generation, notably gas."

For oil, El-Badri stressed that "although its overall fuel share falls from 35 per cent to just over 27 per cent between 2010 and 2035, demand still increases by more than 20 million barrels/day over this period. It will eventually reach over 107m b/d by 2035."

Changing dynamics

There was also much emphasis placed on what some have described as the changing dynamics of energy markets, with Abdullah bin Hamad Al Attiyah, President of the Administrative Control and Transparency Authority in Qatar, underlining the increasing focus on demand coming from emerging economies.

Van der Hoeven stated that it would be non-OECD countries that "we expect to account for the lion's share of demand growth over the next two decades." In fact, in OPEC's *WOO 2012,* 87 per cent of the global demand increase between 2010 and 2035 is expected to come from developing Asian economies.

There was also much talk of shifting supply dynamics, with many specific references made to shale gas and shale oil developments in the United States.

Van der Hoeven talked of the "extraordinary resurgence in oil and gas production in the US," which has become evident in recent years. She added that this "is good news for an oil market that has been particularly tight in recent years. We are optimistic about more comfortable balances in the medium term."

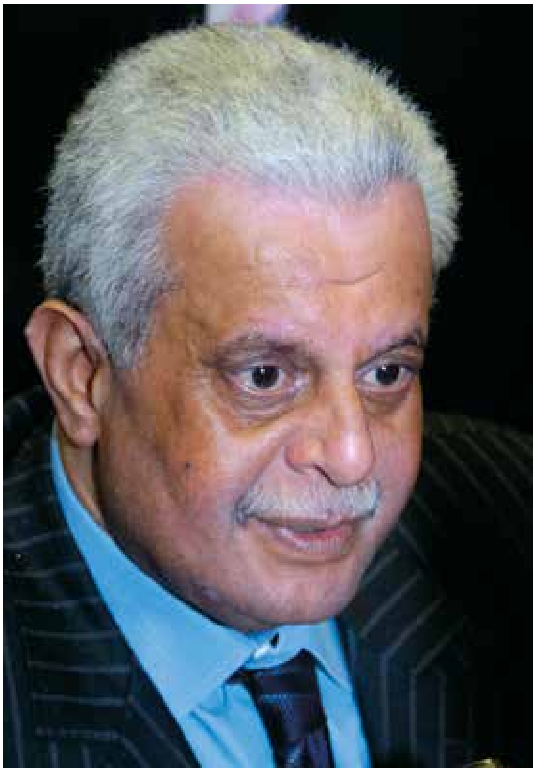
El-Badri also said that "shale gas and tight oil are positive additions" to an expanded energy mix. He did stress, however, that "we need to be careful in estimating their potential. There have been reports that shale wells can drop off by as much as 60–90 per cent within the first year."

De Margerie also questioned whether what has happened in the US can be replicated elsewhere, highlighting that in the US, the soil belongs to the people and they receive royalties. It is "not the same elsewhere," he said, and "it makes a difference."

Energies and break-even prices

The issue of costs was also raised, particularly the associated marginal cost of producing various energies. El Badri said the key question is: "what price is required to make each energy source economically viable?"

He added that "every energy source, and every investment project, has a break-even cost associated with it. Whether producing conventional oil and gas, coal, Canadian oil sands, ultra-deep offshore oil, renewables, or biofuels there is an associated marginal cost."



Abdullah bin Hamad Al Attiyah, President of the Administrative Control and Transparency Authority in Qatar.

It was thus important, he said, to understand the potential impact of lower prices. "If prices fall below certain levels, then many investors will find their developments no longer viable.

"And if low prices lead to energy investments across the world being put on hold, or cancelled altogether, then there is the potential to sow the seeds for extreme high oil prices in the future, if a lack of investment leads to supply failing to keep up with future demand increases. This has happened in the past."

El-Badri stressed that "it underscores the importance of a stable and fair price for all — one that is satisfactory for both producers and consumers and allows the energy industry and the global economy to grow.

"Extreme prices — either too high or too low — not only affect producers, but also consumers, and the global economy as a whole."

Climate change

The presence of Al Attiyah also saw many questions directed to him on last year's United Nations Climate Change Conference in Doha, Qatar, in which he was COP18/CMP8 Chairman.

He said it had been a difficult conference "with negotiations going on day and night, but we ended up with a successful meeting." He added that while "I can't give you a full smile; I can give you half a smile."

The 13 days of talks in the Qatari capital resulted in a plan of action that is being called the 'Doha Climate Gateway' and Al Attiyah said it was now important to get everyone involved in working through the 'Gateway' to push forward with solutions to climate change.

He underscored the importance of technology to develop a cleaner, more efficient and sustainable energy future, which was reiterated by many others in the various sessions.

There were a number of references to carbon capture and storage (CCS), with many speakers seeing this as an essential element of the energy future.

El-Badri highlighted this, and noted the In Salah CCS development in OPEC Member Country Algeria. Van der Hoeven conceded, however, that CCS is not really taking off. It was important, she said, that it did so.

Delivering the energy future

While there was a clear sense of buoyancy and positivity about the energy industry's future, there was also recognition that to turn the industry's prospects into reality would take much hard work.

And perhaps the one word central to this — and mentioned regularly throughout the Summit — is "stability".

El-Badri said: "This will always be paramount to delivering a sustainable energy future."

And, of course, one of the best ways to deliver this is by developing existing and new avenues of cooperation, which was elaborated on in the OPEC-IEA-International Energy Forum (IEF) session.

"It was important to see the future as "a shared one" said El-Badri, adding that "there is no country, region or continent that can act alone. It is about interdependence, not independence."

Kuwait City hosts First GCC Petroleum Media Forum

Council looking at ways to "activate" ties with the petroleum media

*The relationship between the media and the oil industry and how to improve bilateral ties came under the spotlight during a two-day Forum organized by the Gulf Cooperation Council (GCC) and hosted by Kuwait towards the end of March. The **OPEC Bulletin** was in attendance.*

Pictured above right, opening the exhibition, are (l–r): Hani Abdulaziz Hussain, Kuwait's Oil Minister; Sheikh Ahmed bin Mohammed Al Khalifa, Minister of Finance, in charge of Oil and Gas Affairs, Kingdom of Bahrain; and Ali I Naimi, Saudi Arabian Minister of Petroleum and Mineral Resources.

The First Petroleum Media Forum of the six-nation GCC, held at the Sheraton Hotel in Kuwait City, was attended by GCC oil, energy and finance ministers, representatives of the Council's General Secretariat, along with senior officials from national and international oil companies and organizations, including a team from the OPEC Secretariat in Vienna.

Selected petroleum media specialists from within and outside the GCC were also in attendance, in addition to members of the national and international press and media.

Held under the theme *'Petroleum Media in the GCC — Realities and Aspirations'*, the Forum — and accompanying exhibition — was opened by Hani Abdulaziz Hussain, Kuwait's Oil Minister, on behalf of the country's Prime Minister, Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah, who was patron of the event.

Over a busy two days, conducted mostly in Arabic, the gathering heard a series of presentations from officials on improving relations with the petroleum media, with a view to strengthening the petroleum industry through the dissemination of topical, accurate and informed news and information.

The GCC was established in the UAE capital, Abu Dhabi, in 1981. Today, its Members, supported by their petroleum wealth, are among the fastest-growing economies in the world and have great influence on present and future world energy supplies.

In his opening remarks, Hussain spoke about the importance of "activating the petroleum media" across the GCC, which groups OPEC Member Countries Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates (UAE), along with Oman and Bahrain, in defense of the region's politics and interests.

"While our countries are ensuring the stability of oil markets across the world, and encouraging healthy collaboration with all sides to secure further stable developments in the markets and to the consumers via stable and fair prices, we are still receiving accusations that are completely false," he said.

"Instead of petroleum being a factor for improving the image of our producing countries and highlighting our roles and presence in serving the world and all humanity, we find those who use this important industry as a weapon against us," he told the Forum.

Conveying the GCC's role

Through its influence, coverage and reporting, he said, the media could convey the GCC's role in contributing to providing the world with its petroleum needs and to shed light on the voluntary international efforts of the region's countries to care for the environment and support projects that focused on development and growth in the world's poorest developing countries.

Using the progress made in the petroleum media in Kuwait as an example, he said he hoped that the rest of the GCC would follow suit and contribute to the effort at hand.

"One of the most important outcomes of the Forum is that we need stronger confidence and a strong link between the oil media and the oil industry in general. We want to have people from the oil media who are educated and well qualified in oil industry matters, Nawal Alfrezaia, Assistant Undersecretary for Economic Affairs at the Kuwaiti Ministry of Oil, and OPEC's National Representative, told the *OPEC Bulletin* after the meeting.

"In this way, they can cover the meetings and the workshops and help us face the campaign against the oil industry, especially in the western countries," she affirmed.

"The coverage of the media worldwide and especially in the GCC region is like a rollercoaster. It goes up and down in following major events in the world. We recognize this rollercoaster, but right now, we want it to be more steady — with more good information, to explain our policies, our positions, and to have interaction with the audiences themselves," commented Ibrahim Al-Muhanna, Adviser to the Saudi Arabian Minister of Petroleum and Mineral Resources.

"There is a weakness on the media side. At the same time, the GCC countries, and even OPEC Member Countries, also have a weakness in explaining their positions and issues to the world and to the people in their countries. It is a common problem within virtually all the major producing countries," he maintained.

"We have to break the circle that we built in the past about the oil sector. As public relations managers, we really have to understand more about the petroleum media. It is important we build a relationship with the media. We have to go to the media, we have to call them. But at the same time, the media has to give us people that understand the oil industry," Rashid Ali Hamad Al-Zaabi, Manager, Public Relations Division, the Abu Dhabi National Oil Company (ADNOC), told the *Bulletin*.

"We therefore hope that, in the future, we will see more specialists in journalism in the oil sector. That is what we are looking for. This will assist in giving the correct information to the people. It should be a two-way connection between the media and the oil industry," he stated.

Also speaking about the Forum, Sheikha Tamader Khaled Al-Ahmed Al-Sabah, Controller of Public Relations at the Kuwait Ministry of Oil, and a member of the event's

Delegates assemble for the First Gulf Petroleum Media Forum.

organizing team, said it aimed at enhancing the petroleum culture in the GCC.

In comments to Kuwait's *Al-Seyassah* newspaper, she said the event sought to consolidate cooperation between the petroleum and local and international mass media, as well as highlight the petroleum position of GCC countries, affirming the region's importance as a main and reliable source of energy.

She described the objective of the Forum as the "first fruits" of a petroleum media strategy, which aimed at promoting petroleum culture within the GCC countries.

This, she said, entailed ensuring cooperation among the petroleum media bodies of the national petroleum ministries in GCC countries with the local and international media, highlighting the petroleum position of the GCC and stressing the importance of its member states as a main and reliable source of energy, and also emphasizing the strategic and economic importance of petroleum and cooperation among the world petroleum organizations in the field of petroleum media.

Kuwait's Ministry of Oil, she stressed, had been working for three years to prepare for the Forum, which would now be held every two years.

The exhibition that accompanied the event featured various stands from GCC members, as well as from the OPEC Secretariat.

Abbas Ali Al-Naqi, Secretary General of OAPEC, who chaired the Forum's final session.

Ahmad Rashed Al-Arbeed, former Chairman of the Board of Directors of the Kuwait Oil Company, and a speaker in the third session.

Strategy for the petroleum media

Topics addressed during the Forum's four sessions, included evaluating the nature of the relationship between the media and the GCC; finding ways and means of establishing a strategy for the petroleum media in the region; utilizing the latest electronic advancements to highlight the role played by GCC oil revenues in enhancing the economic and social development of the region, including environmental protection; and assessing the role of the media in spreading awareness about petroleum knowledge among the members of the GCC.

Sessions and speakers

The first session, which was chaired by the Kuwaiti Oil Minister, also featured presentations by Abdul Mohsen Muhammad Al-Bani, Executive Director of the GCC Joint Programme Production Corporation; Dr Rabia Sabah Al-Kuari, Media Director of the GCC General Secretariat; and Dr Osama Fadel Al-Jamali, Consultant of the Chairman of the Board of the Trustees of the Australian Faculty in Kuwait.

The Undersecretary at the UAE Ministry of Energy, Dr Mattar Hamed Al-Neyadi, chaired the second session.

Speakers included Suleiman bin Muhammad Al-Munzari, Director of Foreign Affairs and Communication of the Oman Oil Development Company; Yusuf Ibrahim Al-Muhaymied, Media Expert with the Saudi Arabian Ministry of Petroleum and Mineral Resources; Dr Mahmoud Abdul Nabi Al-Musawi, Professor in the Media Department of Kuwait University; and Dr Abdullah Hussein Badran, from the Kuwait News Agency (KUNA).

The third session was chaired by Kuwait Petroleum Corporation (KPC) Chief Executive Officer, Farouk Hussain Al-Zanki, and featured presentations by Ahmad Rashed Al-Arbeed, former Chairman of the Board of Directors of the Kuwait Oil Company; Anwar Medhi Al-Khaldi, Petroleum Media and Public Relations Director at the Kuwait Ministry of Oil; and Angela U Agoawike, Head of the Public Relations and Information Department at the OPEC Secretariat.

The Forum's final session, which was chaired by the Secretary General of OAPEC, Abbas Ali Al-Naqi, also

Angela U Agoawike, Head of the Public Relations and Information Department at the OPEC Secretariat, who gave a presentation on 'The role of the media in distributing and enhancing oil culture in society'.

Pictured at the Kuwait Oil Ministry stand are Minister of Oil, Hani Abdulaziz Hussain (second r); Nawal Alfezaia (third l), and other Ministry representatives.

Pictured left at the OPEC Secretariat stand are Kuwaiti Minister of Oil, Hani Abdulaziz Hussain (second r); Sheikh Ahmed bin Mohammed Al Khalifa (r), Minister of Finance, in charge of Oil and Gas Affairs, Kingdom of Bahrain; Siham Abdulrazzak Razzouqi (l), Kuwait's Governor for OPEC, with Nawal Alfezaia (second l), Kuwait's OPEC National Representative; and Angela U Agoawike, Head, PRID at OPEC.

Sheikha Tamader Khaled Al-Ahmed Al-Sabah, Controller of Public Relations at the Kuwait Ministry of Oil.

included the speakers Dr Al-Muhanna, Saudi Adviser; Dr Muhammad Jaafar Al-Sayad, Director of Studies and International Relations at the Bahraini National Authority of Oil and Gas; and Ahmad Abdullah Al-Sairafi, Director of Planning and Public Relations at Kuwait's Ministry of Oil.

Ms Agoawike's presentation to the Forum, which was conducted in English, was made during the third session, which covered the topical theme of 'Assessing the role of the media in spreading awareness about petroleum knowledge among the members of the GCC.'

She pointed out that the timing of the Forum was very important, coming less than six months after OPEC held its first Annual PR Workshop for PR Managers at the Secretariat in Vienna.

At that workshop, at which, she said, the GCC was well represented, discussions covered how oil was being used for development purposes in Member Countries and how the media had assisted in disseminating information on this and other activities of the oil industry in the respective countries.

"That workshop, as well as the considerable efforts we put into our everyday media relations activities — answering their queries, scheduling interviews, providing facilities for their coverage of OPEC activities, among others — emphasizes the importance OPEC places on the work the media has done and is still doing in breaking down the myths about oil and engendering an oil culture in society. This Forum is also a recognition of that fact," she affirmed.

Ms Agoawike said that over the last 50 years, with the media becoming a more dynamic part of society, it no longer only informed and educated, but helped to mould opinion, assist decision-makers with valuable information and draw attention to the inequities that existed in the distribution of oil wealth.

"The media compels us to focus more on how to further use our oil and energy resources to assist rationally and sensibly in the development of our societies and give everyone a fair chance at establishing a better lifestyle," she said.

While technology had played a key role in advancing the fortunes of the oil industry, she said, the media, on its part, had been instrumental in bringing the industry closer to society.

"The media has been instrumental in driving the education of the public and also the social responsibility aspirations of the industry through continuous reminders; the media also drives this agenda by creating awareness in society about the commitment of the industry to the welfare of the society it operates in."

Media's growing influence

Ms Agoawike said that communication had progressed beyond the use of traditional media to include such multipurpose vehicles as the worldwide web and the increasing number of social media applications, which were having a growing influence on all walks of society.

"While it is true that one cannot control the message on social media, the oil industry still needs to step-up its involvement in, and use of, social media to drive home its message. Being in the driver's seat would ensure that its messages are widespread, developmental and constructive, rather than restricted, speculative and destructive," she maintained.

In her concluding remarks, Ms Agoawike highlighted the importance of establishing a good working relationship between the oil industry and the media, as, according to her, both sides needed to have (and understand) that they had a common goal to provide a reliable and efficient service.

"It is vital that the media and the oil industry establish trust in their relationship. The media needs to be able to access accurate information from the oil industry and publish that information in a responsible and timely manner.

She added: “In effect, the media’s relationship with the oil industry and vice versa is a simple give-and-take situation, and one that works well in other areas of society. Pulling in different directions, or working purely out of self-interest, will never create the necessary foundations for a secure and lasting relationship.

“Instead, for a win-win situation, the media and the oil industry must continue to work together for an even better understanding of the industry, which affects society in every way one can think of.”

Next Forum in Saudi Arabia

After extensive discussions, the Forum agreed to a series of recommendations, aimed at moving the process forward to the next scheduled meeting — in Saudi Arabia in 2015 — following an invitation by Saudi Arabian Minister of Petroleum and Mineral Resources, Ali I Naimi, who attended the Kuwaiti meeting.

These included such actions as creating and carrying out media programmes, in cooperation with the ministries of information/media, to spread awareness within the GCC about the petroleum industry, as well as organizing media campaigns on an international level to highlight the role of the GCC in securing the world’s petroleum needs.

Other recommendations comprised adopting a programme to train selected media researchers in the petroleum field and to encourage them to produce books and studies concerning the petroleum industry, and assigning a specialized team to create in-depth studies about international organizations in the petroleum media industry, especially OPEC and OAPEC.

Kuwait’s Oil Ministry has pledged full commitment to the Forum’s recommendations, stating in a press release that it had already started to put into effect some of the actions detailed in the final statement.

A group of Kuwaiti students also attended the Forum. They are seen here in the exhibition hall.

Pictured above and right are a few of the exhibition stands on view during the two-day Forum.

Forum recommendations

The GCC's First Petroleum Media Forum agreed to the following 12 recommendations:

1. To actively create and carry out media programmes that spread awareness in cooperation with the ministries of information/media within the GCC about the petroleum industry, while implementing the most advanced technologies for this purpose.

2. To prepare press releases in relation to the GCC in English and Arabic and to distribute them within and outside the GCC.

3. Top organize media campaigns on an international level to highlight the role of the GCC in securing the world's petroleum needs under both ordinary and extraordinary circumstances.

4. To organize media campaigns, in cooperation with petroleum organizations, to address some of the international media's accusations against the interests of the producing countries.

5. To implement cooperation between media tools in the international petroleum organizations and the Committee of Petroleum Media Specialists within the GCC to exchange knowledge in all areas of petroleum media.

6. To hold specialized seminars for members of the petroleum and energy media with the participation of academic organizations and specialized media professionals.

7. To organize field visits for media outlets and news agencies to permitted petroleum sites within the GCC and to set up interviews for them with officials and decision-makers from within the petroleum industry.

8. To adopt a programme to train selected media researchers in the petroleum field and to encourage them to produce books and studies concerning the petroleum industry.

9. To produce media materials in connection with the petroleum industry in the GCC and to ensure their participation in the economic and social development of developing countries.

10. To produce documentaries highlighting the efforts of the GCC in caring for the safety of the environment and implementing clean technologies in various stages of petroleum production.

11. To publish the most important and significant news articles and reports in the international media, while distributing summaries of the news via various online websites and oil ministries across the GCC.

12. To assign a specialized team to create complete and in-depth studies about international organizations in the petroleum media industry, especially OPEC and OAPEC.

NB: The list of recommendations (above), and the Kuwaiti Prime Minister's opening address to the Forum on the following page, were translated from Arabic by Nouf Al-Abbas, an intern at the OPEC Secretariat.

Campaign against petroleum continues despite oil's global good

Oil producers seek media's help in promoting "fair image" for the industry

— Kuwait Prime Minister

Kuwait's Prime Minister, Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah, who was patron of the Forum.

The international oil industry continues to receive harsh criticism and accusations about its activities, despite the fact that producing countries, through their operations, are ensuing stability of oil markets across the world, coupled with fair prices.

That was the message conveyed by Kuwait's Prime Minister, Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah, to the First Petroleum Media Conference of the six-nation Gulf Cooperation council (GCC), held in Kuwait City towards the end of March.

"While our countries are ensuring the stability of oil markets across the world, and encouraging healthy collaboration with all sides to secure further stable developments in the markets and to the consumers via stable and fair prices, we are still receiving accusations that are completely false," he said in his opening address, delivered on his behalf by Hani Abdulaziz Hussain, Kuwait's Oil Minister.

"Instead of petroleum being a factor for improving the image of our producing countries and highlighting our roles and presence in serving the world and all humanity, we find those who use this important industry as a weapon against us," he told the Forum's elite gathering of experienced decision-makers, media professionals and petroleum experts.

He maintained that perhaps the western differences "require us to stand for the increasing importance of the petroleum media and to maximize its role to refute these allegations by defending our politics and petroleum interests and to address any campaigns that target the GCC."

Stressed the Prime Minister, who was patron of the Forum: "We need to stand together as oil-producing countries and pioneers of the petroleum industry."

He pointed out the various challenges that faced the petroleum industry and the producing countries in general, highlighting the significance of the Forum and the importance it held for the region.

There were many issues at stake, the most obvious of them being the encouragement of limiting the consumption of petroleum and petroleum products, while promoting the use of other sources of energy which were more harmful to "our environment, health and safety".

"Not to mention, the claims that petroleum is almost finished, despite the huge amounts of oil reserves that have yet to be pumped," he added.

Al-Sabah said in his comments that the hope was that the Forum would allow them to activate the role of the petroleum media "to utilize its instruments and take advantage of its abilities to bring forth a fair image of the GCC."

Aiding stricken countries

There was a need for the media to highlight the GCC's active role in serving the international community and the humanitarian efforts of its Members in providing the world's poorest countries with their petroleum needs.

Through their actions, the producers took advantage of a large proportion of their oil returns to aid stricken countries and help needy people by participating in international efforts of solidarity aimed at serving humanity.

Via the Forum, said the Prime Minister, delegates could exchange ideas and opinions and pursue a new path, based on modern findings, current education and creative thinking, to actively support the petroleum media, which needed to secure a standing within the GCC that was parallel in importance and vitality to the petroleum industry.

"This is especially important, in the light of the fact that petroleum is the main source of energy and the main driving force of the GCC economies, specifically, and the world economy, as a whole," he professed.

Hani Abdulaziz Hussain, who represented the Prime Minister at the event.

Al-Sabah maintained that despite the "grand petroleum status our countries are blessed with on a worldwide level, and despite the importance of petroleum to us as a main source of wealth, the petroleum media, for us, has not had its fair share of research and study and it has not been developed in such a way to allow it to spread petroleum knowledge amongst our communities.

"Nor was it enabled to avoid media campaigns that target the petroleum industry and the producing countries. On the contrary, consuming countries consistently work on making the petroleum media lean to their advantages and the accomplishment of their goals," he stated.

Markets settled, relations with consuming countries positive …

Kuwaiti Oil Minister enjoying responsibility as OPEC Conference President

Hani Abdulaziz Hussain.

*The year 2013 promises to be a busy time for **Hani Abdulaziz Hussain**, Kuwait's Minister of Oil, who is just over a year into his new post. Not only is the former Head of the Kuwait Petroleum Corporation (KPC) steering his country's ambitious petroleum development plans, he also has the added responsibility of looking out for OPEC's interests as the Organization's Conference President. The OPEC Bulletin asked the Minister about these and other issues on the sidelines of the First Petroleum Media Forum of the Gulf Cooperation Council (GCC), which was held in Kuwait City in March.*

Question: Concerning OPEC, you are just about to enter your fourth month as the Organization's Conference President. How are you enjoying this responsibility and what do you hope to bring to the position this year?

Answer: Yes, I am really enjoying the responsibility. We are in constant contact about matters with our colleagues, the oil and energy ministers in OPEC Member Countries, and we are closely following-up on the developments in the oil market. We are glad to see that, more or less, the markets are settled. The relationship between OPEC and the consuming countries is stable and positive and we are looking forward to our meeting in May when we will be reviewing the oil market situation in general.

Concerning oil prices, they have been pretty stable over the last few months. Are you happy with the level of crude oil prices at the moment?

In general, we are satisfied that prices are reflecting the stable situation in the market. They are actually a true reflection of the oil supply and demand position. However, we, as oil ministers, do not look at the immediate picture — we look at the short term, the medium term and the long term, including supply and demand scenarios and prices. We are therefore happy to note that we are in a period of stability at the moment, which we hope will continue. Of course, we are looking for an improvement in the global economy, especially in some areas where we see there are problems. But this is something one would expect in general.

Obviously, the non-OECD region still represents the big demand picture going forward, with countries like China and India doing so well. Do you see Kuwait's influence in the region continuing and even expanding in the future?

As you correctly said, that is the region where the demand is growing the fastest and this is a situation that is projected to continue over the medium and long term. Of course, we in Kuwait hope to be part of that expansion. As a matter of fact, we have planned major projects in the Far East, including refining and petrochemical schemes. Some of these ventures are already in progress, such as in Vietnam and China, but we are also looking at other regions in which to develop.

Turning to shale oil, Kuwait has actually embarked on an assessment of its own domestic shale oil possibility. Can you briefly talk about this?

Well, this is an important area for the world in general. We are happy to see that shale oil is being produced in regions of the world, which is helping to improve the overall supply and demand situation. This actually helps people to be more comfortable with the world's capability of producing more oil now and in the future. Of course, in Kuwait, we would like to see the possibilities for shale oil and shale gas developing. The fact is the need in Kuwait for gas is more immediate than for oil.

Many people are referring to shale oil and shale gas as a game changer in the industry. Do you see it in any way affecting OPEC's activities in the years ahead?

Yes, it is indeed a game changer. For example, look at the United States, a country that was projected to be an importer of gas. Now the country is using the same facilities it built for importing gas to possibly export the fuel. In addition, the oil availability in the US is going to increase and, as we have all heard, the nation is looking to improve its domestic oil production to be maybe at a level with Saudi Arabia within three or four years. But we in OPEC are not very concerned about the general oil supply and demand situation. Oil and gas will continue to play a prominent role in global energy supply in the years ahead and there will continue to be a need for oil from both OPEC and non-OPEC countries. On the contrary, we in OPEC do not fear this development. We think that it will help stabilize the overall picture and make people more comfortable with using oil as an important source of energy.

Domestically, Kuwait has recently increased its production capacity by 100,000 b/d and by 2020 the country is aiming to have a capacity in place of 4 million barrels/day. How are these plans progressing?

They are progressing according to plan. And we are very happy with the progress our upstream companies are making. Of course, it all requires a lot of investment. But more importantly, it requires a lot of capabilities, both technical and logistical, within our petroleum organization. But we are going ahead and growing according to plan. In the past, Kuwait has played a prominent role as a Member of OPEC and as a supplier of energy and oil to the world. We look forward to that role continuing.

Obviously, oil is still the mainstay of the Kuwaiti economy, but the country is also trying to become an economic capital as well. Can you enlarge on this?

This is important, not just for Kuwait, but for all the oil countries. It is particularly important for the countries in the Gulf region. Of course, there is a diversification of our economy, even within the oil industry. You just don't depend on selling crude oil as crude oil, but you sell petroleum products, or you join in refining projects outside Kuwait and you supply petroleum products from facilities that are in other nations. Also, we should not forget the petrochemical industry — that is a very good diversification, because you are diversifying from energy into other aspects, such as plastics, medicines, and clothing and material. So we in Kuwait are looking

Hani Abdulaziz Hussain.

forward to participating in the industry in such a way as to bring about a diversification of our income. The policy of Kuwait, as in our brother countries, is to diversify from the petroleum/petrochemical industries into other aspects of the economy.

Kuwait celebrated the 50th anniversary of its Constitution last year. The country is also heading for its 14th consecutive year of budget surplus. So things are going really well, considering there is supposed to be a global recession. Do you see this healthy situation continuing for Kuwait in the years ahead?

Number one — we are very proud of our democratic heritage and we are very happy with the participation of the people governing the country. As for the oil revenue, everything depends on the oil price, so we should not relax in any way. We should always be prudent in utilizing our oil revenues and we should use them as a wealth and a capital, rather than as a treasure, or just to spend what we are fortunate enough to have.

Finally, Minister, on the Petroleum Media Forum itself, Kuwait has been instrumental in initiating the event. How important do you see the media in relation to the oil industry?

Yes, you are right, Kuwait was the originator of the idea for the Forum. As a matter of fact, we feel that the oil industry in general has to improve the image that is there about the sector. It is a very complicated industry — it has some environmental aspects and one is dealing a lot with developing countries when one explores for oil. So there is a lot to be done in this arena for people in general and so that governments do not have the wrong impression about us and our activities.

This is important for OPEC Member Countries and even more important for the GCC countries because the impressions people have about us have to change. We are, I think, playing an important and positive role in stabilizing the industry in helping the poorer countries and minimizing the ill-effects of pollution from the oil industry.

Kuwait's growing oil capacity 'cushion' will bring more stability to markets

— *KPC Chief Executive*

Farouk Hussain Al-Zanki.

Kuwait's ambitious development plans for its petroleum sector, currently on track to boost the Gulf State's crude oil production capability by over one million barrels/day in the next seven years, are aimed at bringing more stability to global oil markets.

That is the view of Farouk Hussain Al-Zanki, Chief Executive Officer of the Kuwait Petroleum Corporation (KPC), the country's national oil company.

Speaking to the *OPEC Bulletin* in Kuwait City, he confirmed that the overall plan was to have an oil production capacity of 4m b/d in place by 2020.

He noted that the country, one of the Founding Members of OPEC, had only recently increased its output capacity by 100,000 b/d and current production stood at around 3m b/d "with still some spare capacity".

Al-Zanki, who was speaking on the sidelines of the First Petroleum Media Forum of the Gulf Cooperation Council (GCC), which was held in Kuwait City in March, pointed out that a long-term strategy had been implemented for the country's petroleum activities, the purpose of which was to secure a position for Kuwait in the future "where we will be able to really provide any additional production to help balance the market and support oil prices."

Balancing the market

He explained that by 2020, the country would be in an even better position, not necessarily to produce that much more oil, but to have a spare capacity in place that could really contribute to balancing and having a stable market. "This is mainly our strategy," he affirmed.

Al-Zanki, former Chairman of the Kuwait National Petroleum Company (KNPC), the downstream subsidiary of KPC, agreed that the capacity expansion for Kuwait was very important, especially in view of the extra demand forecast from the non-OECD region in the years ahead.

Asked what projects the oil sector would be undertaking to attain the 2020 capacity target, he said that, with regard to the upstream sector, they were continuing to build up capacity by actually improving the recovery rates from existing fields.

"In addition, we are relying on the exploitation of new reservoirs, which will require full development. By having both these sources of new oil, we will be able to really build up our capacity to reach the 4m b/d mark targeted," he stated.

However, Al-Zanki conceded that reaching the overall goal would also require other undertakings and support.

"We need the expertise and know-how to achieve this. We will require some type of relationship with the international oil companies (IOCs) to really help us adapt the technology to enable us to enhance our field and reservoir management. That is the challenge for us."

For example, he said, they had entered into an enhanced technical service agreement that covered the production of free gas. Kuwait is pulling out all the stops to boost its domestic gas production, which it needs to replace expensive oil for power generation.

Considerable investment

"First we have to build up the national capabilities and then seek assistance from the IOCs as an immediate need to be able to actually meet the 2020 target date for achieving the higher production capacity figure," he said.

Obviously all these plans were going to require a lot of investment. Al-Zanki revealed that over the next five years they expected to spend around $100 billion to implement some of the projects required.

Then, beyond that, they would need to sustain the extra production capacity, which would also require a huge amount of investment.

"This figure is just a rough estimate and it could be higher, or it could be lower, but this is what we foresee at the present time."

Asked about the prospects of shale oil and shale gas, Al-Zanki referred to it as an "interesting subject" in the industry right now. Kuwait was actually involved in assessing its own shale resources, looking more for the gas potential.

"We are quite impressed by the recent developments made in shale gas, especially in the United States, and the success that has been achieved through implementing new technology to actually make such production economical.

"Of course, we are following up this potential in Kuwait. However, we are not too concerned about shale oil and gas and to what extent it will make a difference in the US because we have our own long-term strategy and we are committed to it.

"Our markets are in the Far East, so that will not be as risky for us as one might think. However, gas is scarce in Kuwait. We have tried to develop our own resources, but we are currently importing the fuel.

"Of course, our electricity requirements are on the rise, so we cannot just depend on local developments — we need to import. Definitely, we are in desperate need of gas from both economic and environmental considerations, because currently we are using very expensive oil to generate electricity.

"But we are hoping in the near future to replace that oil with a cleaner and less expensive fuel, through building new refineries, as well as upgrading our existing plants for high-value products," he said.

Questioned about Kuwait's overseas activities, which were seen supplementing the country's global oil standing, Al-Zanki said this internationalization thrust was again in line with the country's long-term strategy.

The aim was to expand outside Kuwait, in both exploration and production and in refining and petrochemicals.

"We have two subsidiaries that are taking care of these operations and we are hoping that we can expand in Vietnam and in China in the downstream sector. But we are also looking for exploration and production opportunities. We have production-sharing agreements, we have oil blocks and we are now into buying assets, so it is a very active programme," he said.

Turning to the Kuwaiti economy and the fact that it was heading for its 14th consecutive budget surplus, Al-Zanki said they had been quite fortunate over the years since the oil revenue had been fairly high.

"This, of course, is because oil prices have been generally good. But Kuwait is also a very efficient operator, keeping its production at the same level with no decline.

Production kept steady

"We also have very effective maintenance programmes to keep our production steady. This is a big effort that nobody really sees."

The KPC Head said they were expecting 2013 to be another good year for the domestic economy, as far as oil prices were concerned.

"But it is very difficult to predict beyond that. However, I am always optimistic. I think crude oil prices will stay high, certainly high enough to really push for the upstream projects needed," he maintained.

Asked if he considered $100/b to be a fair price for crude oil, Al-Zanki replied that, yes, he thought so.

"That is a very comfortable price. But we cannot overlook the consumers — it has to be a fair price for both sides. When I say a fair price, it is a price that is also fair for the consumers, not just the producers," he added.

What they said about the Forum …

Nawal Alfezaia

Kuwait's OPEC National Representative

One of the most important outcomes of the Forum is that we need stronger confidence and a strong link between the oil media and the oil industry in general. We want to have people from the oil media who are educated and knowledgable about oil industry matters. In this way, they can cover the meetings and the workshops and help us face the campaign against the oil industry, especially in the western countries. The public in Kuwait are open to a lot of media coverage, especially the foreign media, who try to accuse oil for destroying the world economy, and destroying the environment. So the Kuwait Ministry of Oil wants to be sure that in having this kind of initiative, and to expand it even more, it can make people more aware of the subjects and campaigns against the oil industry.

I can see this Forum as being the first step towards attaining a better understanding between the petroleum industry and the media. It is not going to be easy. It will take a lot of effort and it will need a lot of time. But both sides — people from the media and people from the oil industry — they want to come together. They both believe that there is a real need for a good oil media and good communications with the oil industry to give the right picture for the industry with its different aspects.

I am sure that they are going to work hard within the GCC and the oil industry with organizations such as OAPEC to prepare well for the next Forum in Saudi Arabia and to make sure that the outcome and recommendations of the meeting are implemented.

Ibrahim Al-Muhanna

Adviser to the Saudi Arabian Minister of Petroleum and Mineral Resources

As a first Forum on the subject of petroleum media, it was definitely a good one. We had so many recommendations, so many good ideas discussed and presented.

There is a weakness on the media side. At the same time, the GCC countries also have a weakness in explaining their positions and issues to the world and to the people in their countries. Through this initiative, we have many goals. One of these is education — educating young people to be good journalists. Also, there is the matter of the efficient dissemination of information to the worldwide audience, as well as to local people.

But there are many barriers. Some of these are from within the media, for example, in finding the qualified people, and some are from within the universities.

Also, there is the barrier of transparency. We want to increase the transparency within the producing nations, a situation that is effectively causing a disconnection among countries. We are not working together as much as we should right now. But we now have this goal to work together. Right now in Saudi Arabia, we are establishing a special petroleum institute, one of the goals of which is to publish the right information — good and transparent information.

Saudi Arabia will organize the second Forum in two years' time and hopefully, at that next meeting, there will be more recommendations and more steps taken.

Rashid Ali Hamad Al-Zaabi

Manager, PR Division, Abu Dhabi National Oil Company (ADNOC)

This initiative from the GCC countries really gives us an opportunity to get a good experience of the oil sector and how to present information about it. As public relations managers, we really have to understand more about the petroleum media. I think it is very important for us to attend this kind of forum and we are looking forward to having more such events in the future.

It is important we build a relationship with the media. We have to be really honest in giving out information, correct information, to our audience. We should not be closed in these matters in the oil sector. People have to know. Okay, some things are sensitive, such as security over production and exploration, but, in general, we have to be more open to the public, so that people do not build wrong interpretations.

That is why we need this kind of summit — to inform companies' higher management as to how the world is very open now. We have to break the circle that we built in the past about the oil sector. We have to go to the media — we have to call them. But at the same time, the media has to give us people that understand the oil industry because, in the GCC region, the journalists who are covering oil are mostly not specialized in the field. We therefore hope that, in the future, we will see more specialists in journalism in the oil sector. This will help in giving the correct information to the people. It should be a two-way connection between the media and the oil industry.

Vienna-based organizations meet at OPEC Secretariat

OPEC Secretary General Abdalla Salem El-Badri (centre) with the participants at the eighth meeting of the Vienna Energy Club.

Vienna Energy Club

OPEC hosted the eighth biannual meeting of an energy dialogue platform for Vienna-based organizations at the Secretariat towards the end of February.

The Vienna Energy Club (VEC) was established in September 2009 on the initiative of the 'Energy Community', which, together with OPEC, became one of the eight original members.

In his welcoming address to the talks, OPEC Secretary General, Abdalla Salem El-Badri, said that not only has the club become a great success, but it has also proven that Vienna has become 'an energy hub'.

"Close engagement among various parties, such as those present here today, is critical for sharing ideas, developing a better appreciation of various viewpoints and seeing where we can evolve some common understanding," he said.

This reflected the strength of Vienna as a centre of influence in the global energy community, he said, adding: "We certainly appreciate what the city has to offer in this regard."

Topical issues

Dr Hasan M Qabazard, who was then OPEC Research Division Director, elaborated upon this in his opening remarks.

"As well as bringing together Vienna's energy-related

OPEC Secretary General Abdalla Salem El-Badri (right) greets Lamberto Zannier, OSCE Secretary General.

organizations, the VEC also allows us the opportunity to address some major topical issues that affect the world at large, in rich and poor countries alike.

"Notably, we are looking at the three interlinked global challenges of energy stability, sustainable development and environmental harmony," he affirmed.

He said OPEC had focused on two main areas of activity during its time in the club's coordinating role. One had been to draw up a 'Mandate and Guidelines' to formalise the existence, the objectives and the procedures of the club and present a set of practical guidelines for its operations.

The other had been to activate the website's news section, which was "now up and running and working well." Both matters would feature in the morning's discussions.

Presentations

The main part of the meeting began with a series of seven presentations on topical issues, followed by a short discussion.

For OPEC, Dr Hojatollah Ghanimi Fard, Head of the Petroleum Studies Department, provided a short-term market assessment, and this was followed by a review of the long-term world oil outlook by Oswaldo Tapia, Head, Energy Studies Department.

Other presentations were made by: Faris Hasan,

Janez Kopac (left), Director of the Energy Community, with Dr Taher Najah, Downstream Oil Industry Analyst, OPEC.

Director of Corporate Planning and Economic Services, OFID, on the contribution of petroleum to sustainable development; Alexander Bychkov, Deputy Director General, Head of the Department of Nuclear Energy, IAEA, on nuclear as a means for petroleum preservation; Lamberto Zannier, Secretary General, OSCE, on the OSCE approach to energy issues; Pradeep Monga, Director, Energy and Climate Change, UNIDO, on Vienna's hosting of the forthcoming VEC 2013 on May 28–30; Walter Kemp, Director for Europe and Central Asia, IPI; and Marc Baltes, Consultant, Energy and Security, IPI, on the Institute's task force on energy and security.

A session on administrative matters began the second half of the meeting, when the final details of IPI's application for membership of the VEC were discussed and agreed upon.

Significantly, IPI's offer to become coordinator for the second half of the year and to host the next meeting was accepted. Other deliberations during this session on such subjects as January–June and July–December coordination periods, budgetary arrangements, the draft 'Mandate and Guidelines', the news section and a more structured approach to future activities underlined the fact that the VEC is still a young entity.

Cooperative spirit

Finally, round-the-table updates of members' activities gave organizations the chance to briefly describe their recent activities, epitomizing the true cooperative spirit of the VEC and the potential it has for enhancing dialogue in Vienna-based energy circles in the future.

The objective of the VEC is to bring together a group of Vienna-based international organizations dealing with energy to provide an informal platform for discussions and exchange of views. As its official mandate states, it seeks to act "in a spirit of cooperation and constructive endeavour, and in the overall interests of energy harmony within Vienna."

The club encourages its members to have a recognized

The meeting begins with OPEC Secretary General Abdalla Salem El-Badri (centre) delivering the welcoming address.

base in Vienna or the surrounding area and should demonstrate that energy issues have a significant place in their activities.

The other six original members are the International Atomic Energy Agency (IAEA), the International Institute for Applied Systems Analysis (IIASA), the OPEC Fund for International Development (OFID), the Organization for Security and Cooperation in Europe (OSCE), the Renewable Energy and Energy Efficiency Partnership (REEEP) and the United Nations Industrial Development Organization (UNIDO).

The International Peace Institute (IPI) joined the VEC at the meeting hosted by OPEC.

The VEC operates a system whereby each member organization acts as 'host' for six months at a time on an alphabetical rotational basis and organizes one of two biannual meetings during that period — these begin on January 1 and July 1 each year — through a designated 'coordinator'.

The host member also manages the VEC website — *www.vienna-energy-club.at* — during its six-month period as coordinator.

The website provides basic information about each member, such as its mission, scope, tasks and accomplishments, as well as having an active news section with topical reports, features and so on.

OPEC hosts JODI technical, inter-Secretariat meetings

JODI organization representatives (l–r): Mrs Ilaria Di-Matteo, UNSD; Fuad Al-Zayer, IEFS; Yuichiro Torikata, IEFS; Zack Henry, IEFS; Mrs Antigone Gikas, EUROSTAT; Gabriel Hernandez, OLADE; Shigeru Kimura, APEC.

The OPEC Secretariat in Vienna hosted two Joint Organizations Data Initiative (JODI) meetings on March 26–27, comprising technical and inter-Secretariat talks.

The meetings were attended by representatives from all JODI partner organizations — APEC, Eurostat, the IEA, OLADE, OPEC, and the UNSD — under the coordination of the International Energy Forum Secretariat (IEFS).

During the JODI Technical Meeting, participants addressed technical and methodological issues in relation to the Initiative, among others the JODI Oil and Gas Databases.

The Inter-Secretariat Meeting covered an update on several JODI-related matters.

JODI-Oil and JODI-Gas

The Joint Oil Data Initiative (JODI), as it was known when it was set up ten years ago, has since been relabelled the Joint Organizations

The OPEC JODI team — Dr Adedapo Odulaja (second l), Head, Data Services Department; Ramadan Janan (second r), Statistical Systems Analyst; Dr Pantelis Christodoulides (r); Senior Statistician; Dr Mohammad Sattar (l), Statistical Assistant.

Data Initiative (JODI) and now has two Initiatives — JODI-Oil and JODI-Gas.

Today, around 100 countries/economies participate in JODI-Oil, representing around 90 per cent of global oil supply and demand, whereas JODI-Gas is still at its very initial stages.

The Initiative, which started as a basic monthly oil data collection exercise conducted by six international organizations, has since expanded its activities.

The industry regards JODI as an important vehicle for exchanging data and helping to enhance global oil market transparency, which is seen as beneficial to producers and consumers alike.

The Initiative is now enjoying increasing interest from market analysts. JODI partner organizations are supporting this visible accomplishment of the consumer-producer dialogue.

Delegates assemble for a group photograph.

Asia's NOCs flock to MOZAMBIQUE to get into the gas game

Momentum is gathering in Mozambique to meet the country's target of delivering its first liquefied natural gas (LNG) cargo by 2018 to Asian markets. As an emerging LNG player that is drawing Asian investment, challenges will arise to deliver what could be the world's third-largest liquefaction plant on time and on budget.

Our African correspondent reports on the latest state of play.

Sunset over Mozambique's oil installations.

With a population of 23.9 million and a GDP of $12.8 billion in 2011, Mozambique is on the brink of a metamorphosis with offshore gas fields that hold over 100 trillion cubic feet (tcf) of reserves, enough to meet over four years of European gas demand and bring in income tax revenues of $7bn per year.

As a frontier exploration basin with a solid track record in gas discoveries, the south-east African country has become the hot spot for the oil industry — eager to find new acreage to replace rapidly declining reserves.

The latest gas complex made by US independent Anadarko Petroleum is Orca and the well cut 190 net ft of natural gas pay in an accumulation fully contained in Offshore Area-1. Another two appraisal wells are to be drilled after sinking the Linguado and Espadarte exploratory wells on prospects farther north on the block. Anadarko Senior Vice President, Worldwide Exploration, Bob Daniels, said: "Orca is a single large Paleocene column, and its proximity to shore provides additional options and flexibility for potential future development."

Anadarko has found over 100 tcf of gas in place in offshore Area-1 in the Rovuma Basin with six of the discovery wells in the Prosperidade and Golfino/Atum complexes (Windjammer, Barquentine, Lagosta, Camarão, Golfhino and Atum) among the largest discoveries in all of Africa from the beginning of 2010 to the end of 2012.

Jim Hackett, Anadarko's Executive Chairman, has described them as "one of the most important natural gas fields discovered in the last ten years, with significant long-term benefits for Mozambique."

The Prosperidade complex contains between 17 and 30-plus tcf of recoverable natural gas in the southern part of Area-1. Prosperidade also falls into neighbouring Block 4, operated by Italy's Eni, which has also made separate large gas finds.

Containing 15–35 tcf of recoverable natural gas resources, the separate and distinct Golfinho/Atum complex lies wholly within Anadarko's block. Results are yet to be revealed on the appraisal of the third discovery, Tubarão.

The consortium has identified more than 20 additional exploration prospects and leads on its block. Anadarko is working on achieving reserve certification and a final investment decision (FID) in 2013.

The other partners in Area-1 are Japan's Mitsui (20 per cent), BPRL Ventures and Videocon (both from India and with ten per cent each), Thai state company, PTTEP (8.5 per cent) and Mozambique's Empresa Nacional de Hidrocarbonetos (ENH) with the remaining 15 per cent.

Eni's gas success

Mozambique is proving to hold the most exciting discovery ever for Eni, having found 80 tcf of natural gas in-place at its Mamba complex and Coral discoveries; it is completing development plans. Another exploration prospect called Agulha 1 will be drilled in the southern part of its acreage, Area-4, to test deeper potential. Coral holds more than 13 tcf and lies wholly within Area-4 — unlike the Mamba discovery which crosses the licence border into Anadarko's Prosperidade on Area-1, thereby making sense for Eni and Anadarko to work together, reducing complexity for the government in approving separate LNG projects and costs and resources for the operators. Under a Heads of Agreement (HoA) signed in December 2012 to coordinate development, the operators said they would carry out separate offshore development activities, while jointly planning and constructing common onshore LNG infrastructure using feedstock from both blocks. Coral, however, could be developed separately as LNG as it does not require unitisation discussions like the Mamba discovery.

"Reaching a HoA with Eni is a significant step that preserves the project timeline," said Anadarko President and Chief Executive Officer, Al Walker. "We expect the HoA to lead to a unitization agreement to further facilitate the efficient development of the common resources, as well as the independent reservoirs on both blocks, enabling enhanced economies of scale through shared infrastructure and facilities.

Mozambique's gas riches are attracting Asian oil companies.

"Our commercial and technical teams have proven the ability to work collaboratively through these discussions, as we work alongside the Mozambican government toward a shared target of first LNG cargoes in 2018," he stated.

Eni and Anadarko plan to monetize the gas through the Afungi liquefaction complex in northern Mozambique. In December 2012, Anadarko hired JGC and Fluor to execute a Front End Engineering Contract (FEED) for Afungi.

The brief is to develop, at first, two trains in the first phase, each with a capacity of five million tonnes by 2018; however, there is scope for raising capacity to 50m t. Asian customers are expected to take the cargoes from 2018.

Anadarko said: "The FEEDs will culminate in the delivery of a full engineering, procurement and construction plan, and a lump-sum turnkey price for the initial two 5m t trains, as well as associated common facilities. Specifics regarding the second two 5m t trains will be developed during the FEED process."

With this 50m t capacity, Afungi would be the world's third-largest LNG complex in the world — after Australia and Qatar — overtaking Nigeria, the other significant African LNG producer.

Mozambique's ENH, one of the participants in Block 1, believes that Mozambique's offshore fields may hold as much as 250tr cu ft of gas, enough to meet world consumption for more than two years.

Eni, however, has indicated that it is also considering deploying a floating LNG vessel, a technology that Shell wishes to use for its gas field off Western Australia and has spoken about taking a FID in early 2014.

It remains to be seen whether this will be used for its resources solely within Area-4; another commercialization option is to use compressed natural gas (CNG) technologies to serve neighbouring countries, and to develop gas-fired power generation in Mozambique.

Selling stakes

Now Mozambique's gas riches are attracting Asian oil companies. Two significant deals have been signed in March — signaling a market for Mozambican gas.

China National Petroleum Corporation (CNPC), China's state-owned oil company, has joined the consortium for Block 4, acquiring from Eni a 20 per cent share, leaving Eni with a 50 per cent stake and other partners ENH, Kogas, and Galp Energia each with ten per cent.

Eni described CNPC's entrance as "strategically important for the project, thanks to the worldwide relevance of the new partner in the upstream and downstream sectors."

With little operating LNG experience, Eni has been seeking a partner for a while to share the costs, considering the scale of investment required to bring the project to fruition, estimated at up to $50bn.

However, Claudio Descalzi, Head of Exploration at Eni, said the company has the expertise to execute the complex project, bearing in mind it has almost 40m t of existing and under construction LNG capacity.

Neither has it drawn a line in the sand with regards to further selling its stake if a deal will give greater solidity to the project, according to the firm's Chief Executive Officer, Paolo Scaroni.

Potential buyers, like Shell, ExxonMobil and Asian companies, could gain a foothold to supply customers in gas-hungry countries like Japan, China, and India.

Nearby, Inpex has farmed into Statoil's license that covers Area-2 and Area-5 offshore Mozambique, spanning 8,041 square kilometers in the Rovuma Basin.

Heralding its entry into Mozambique for the first time, Inpex will acquire a 25 per cent working interest, while Statoil will remain the operator with a 40 per cent interest.

Financial terms were not disclosed. The group is preparing to spud the first of two wells, Cachalote 1, in the second quarter of 2013. Inpex was attracted to the block, not only for gas, but also for the potential of holding oil reserves. Its other partners will be Tullow Oil (25 per cent) and ENH.

Videocon Industries, another stakeholder in Area-1, is trying to pull out of the block by selling its ten per cent stake, so that it can address its debts. Reports suggest that India's Oil and Natural Gas Corporation (ONGC) has made a joint bid with Oil India Limited for it.

Anadarko is also holding talks with potential buyers which want to take part of its stake in the blocks — it is looking to divest ten per cent, reducing its share from 36.5 per cent to 26.5 per cent.

"We are currently in discussions with 20 customers in ten countries," said Steve Hoyle, Vice President of LNG Marketing at Anadarko. Those rumoured to be interested are ExxonMobil, ONGC and Oil India, Osaka Gas, and Shell, which tried to acquire Cove Energy, another partner that had an 8.5 per cent interest in Area-1, in 2012.

Shell was trumped by Thailand's national oil company, PTTEP, by a higher offer of $1.9bn, compared with $1.74bn. ExxonMobil already has gas resources in neighbouring Tanzania, where it is carrying out exploration with Statoil.

LNG competition

With considerable gas resources also in Tanzania, competition is brewing with Mozambique to become an LNG exporter. So far, gas found by the two partnerships — the BG Group and Ophir, and Statoil and ExxonMobil — amounts to 630bn metres.

Tanzania is trailing behind Mozambique in terms of having enough gas to underpin a separate two-train onshore LNG development — intensifying the rationale for both partnerships to unite on an LNG venture.

The government is also eager to retain gas for growing domestic requirements and meet the needs of local businesses and so more gas is needed for that.

Nevertheless, both partnerships are to undertake further drilling — which could lead to more discoveries. Where Tanzania holds the advantage over Mozambique is that it already has a commercial framework in place for LNG projects. The BG Group and Ophir are investigating using a floating LNG plant and are in discussions with Statoil to partner on this.

The debate in Tanzania is veering between setting aside gas for internal consumption versus exports, as there is not enough to do both right now.

Concerns over financial transparency and local communities protesting over gas exports are likely to disrupt timely monetization. Another obstacle is the government's review of production-sharing contract terms with the two partnerships to ensure that they benefit the country and not a few elite interests.

David Ledesma, an international LNG consultant, argues that "internal political argument will result in delays to the development of LNG projects. The country, in the eyes of several vocal politicians, does not have large enough proven reserves to meet all potential domestic gas demand and to develop a large-scale LNG export project (which Mozambique does). More gas must therefore be found ahead of LNG export project plans being approved."

For Mozambique, the government's caution in trying to get the framework right is an issue, although the reason behind it is understandable because it does not want to distort the economy, or create an ugly precedent that affects its economy for years to come.

Spurred on by foreign interest in its extractive industries, Mozambique is an encouraging story — being one of the world's fastest-growing economies. Research from international consultancy, Wood Mackenzie, suggests that Mozambican LNG is competitive with other projects.

Speaking to industry players, there is urgency in trying to hit the 2018 deadline as LNG buyers' existing contracts come to an end and other LNG projects from Australia or the US vie for their attention.

But this timetable may not be met considering that the government is inexperienced in LNG developments and parliamentary and presidential elections are approaching in the first quarter of 2014 that could be rocky, owing to inflation and high unemployment.

Nevertheless, the International Monetary Fund has forecast economic growth of eight per cent a year up to 2017 for Mozambique, which would lay the foundation for stability and attracting investment if this comes to pass.

Operators must grapple with establishing infrastructure and capacity in remote northern Mozambique: Rio Tinto, the international mining conglomerate, is re-evaluating its coal development plans, after finding it was unable to move coal to the ports because of problems with infrastructure.

This resulted in a write-down of the value of its coal assets there by $3bn in January. Security problems pose risks for the oil companies' workers as Somali pirates have attacked ships offshore Tanzania, raising insurance costs and worries about potential loss of life.

Furthermore, where will the money for this enormous liquefaction plant and related industry — in the realms of up to $50bn — come from? Financing of ENH's share is of particular concern, as it has limited funds. One option could be to sell some of its equity, but this would prompt related difficulties: how can it hold onto a meaningful share in the project?

Doubts over LNG pricing and markets could also hinder fast-track ambitions, but LNG buyers want politically stable countries for affordable, secure supplies.

According to Manfred Hafner and Simone Tagliapietra, researchers at Fondazione Eni Enrico Mattei: "Many forecasts assume that there will be a relatively tight LNG market in the Asia-Pacific region up to the end of the present decade, with prices remaining high, but easing off towards and after 2020, as more projects come onstream, including those in East Africa."

Domestic benefits

Turning to the domestic utilization of gas, state-owned ENH will carry out a viability study for a 2,100 km pipeline, bringing gas from the north to the economically prosperous south to fire gas power plants. The pipeline will cost an estimated $4bn and construction could start in 2015, if the study says the pipeline is feasible.

Changing framework

Nevertheless, for these gas projects, what is evolving — and simultaneously creating so much uncertainty — is a new institutional framework. Until the government signs off on such important legislation and policy to create a suitable business environment, it will delay multinationals from taking FIDs.

A petroleum law is expected to be published in the second half of 2013, which will take into account development of an LNG industry in Mozambique. The legislation aims to improve competition in the petroleum industry by compelling the government to hold competitive public tenders for concessions and to publish an inventory of its petroleum income.

Other changes proposed by the draft law include, for example, improving protection of the environment and local communities, although critics argue that it still does not go far enough as there's no mechanism to ensure compliance with the rules.

The Gas Master Plan is a major policy document that has still to be finally approved by the government and which will prioritize the development of Mozambique's gas resources.

Gas consumption in 2011 was a mere 0.5bn cu m/year, figures from the Energy Information Administration (EIA) show and is used only in Maputo and Beira. However, consumption is set to rise as ENH is rolling out a gas grid in Maputo to meet the needs of local businesses and residential users.

LNG exports are the priority under the Gas Master Plan, which estimates that the gas sector could create 70,000 jobs.

Increasing the capacity of the power sector is the second market for the gas industry, followed by gas-to-liquids (GTL), the fertilizer sector, methanol exports, pipeline gas, and feedstock for iron, steel and cement.

Meeting these requirements means imposing a Domestic Supply Obligation on operators which would impact upon the economics of the projects. If prices are higher than costs at the LNG plant, domestic buyers would probably expect help in the form of subsidies from the government to meet the difference.

Bidding round

Wood Mackenzie estimates that another 80 tcf of gas could be found in Mozambique: Rovuma is still a frontier basin, as only 33 wells had been drilled so far up to March 2013, figures from state oil company ENH show.

Plans are underway to drill the first well on Statoil's deep-water acreage this year. Malaysia's Petronas is going to shoot 7,000 km of 2-D seismic and spend $40m on exploration over offshore Areas 3 and 6.

So, considering the recent transactions by Eni and Statoil, what other acreage could potential investors grab? The government is hoping to hold its bidding round before the end of the year, but it needs to conclude changes to its legal and commercial framework, bearing in mind that over 100 tcf of gas has been discovered.

Abdul Noormahomed, Deputy Minister of Natural Resources, said the licensing round would be for offshore and onshore acreage, although it has not yet determined how many blocks will be offered and where.

It is likely that the blocks will be smaller than those of Anadarko and Eni, as the government appears more cautious about granting large concessions.

"The trend in the industry is to have smaller blocks and we have speculative seismic in process, but we do not know the main provisions of the bidding round yet," said Noormahomed.

Portions of the Rouvma Basin are not licensed and neither are areas to the south and to the east including the Comoros Islands.

"The revenues from natural gas development can help Mozambique build new infrastructure, create jobs, enhance education and training opportunities and attract additional investment into the country," said Mozambique's President, Armando Guebuza.

Consequently, the gas fields have generated unprecedented expectations of the government, although the country is still fragile, having emerged from a 16-year civil war in 1992.

Managing these hopes will be a challenge in itself as it is interrelated with wider considerations, such as the education system, if only 56 per cent of the population over the age of 15 can read and write.

How can sufficient numbers of Mozambicans be mobilized to enter a career in the petroleum industry and for those wanting to start businesses to supply players in the sector? What will be the government policy on this? Will it be to set targets, or to compel operators where possible to use services and goods produced in Mozambique? How will entrepreneurs in Mozambique raise finances? How will they be trained in the service standards that they need to meet?

Oil prospects

For now, Mozambique is a gas province, with gas exports of 458m standard cu ft/d to South Africa via a 865 km pipeline from the offshore Temane and Pande fields which came into use in 2004.

There are hopes that Mozambique could yield substantial oil reserves too: Sasol, the South African oil company, has discovered light oil and is appraising the Inhassoro field. An extended well test produced over 200,000 barrels of oil by the end of January 2013. The Area-4 consortium led by Eni will target the K bulge oil prospect in the south of the block later this year.

Reducing poverty

Mozambique's government is mindful that in the case of other African oil and gas producers, little wealth has been disseminated to the majority of the population.

Poverty is rampant, and more than 50 per cent of Mozambicans live on less than $1/d. But there is a target to slash this to 42 per cent by 2014.

A nascent petroleum industry appears to solve many problems at one — driving up income, providing jobs and drawing forth investment. But too much of a good thing can distort the economy and corrupt the elite which has access to the investors.

There is no immediate cash in-flow. However, if Mozambique is to reach its full potential amid changing dynamics, the government must take decisions in a timely manner and establish strong institutions to deliver accountability and transparency, so that the private sector will feel confident about investing billions of dollars, with the promise of high returns in the gas industry.

A petroleum law in Mozambique is expected to be published in the second half of 2013.

UAE appoints new Energy Minister

The United Arab Emirates (UAE) in March appointed **Suhail Bin Mohamed Al Mazrouei** *(pictured)* as its new Energy Minister, succeeding Mohamed Bin Dhaen Al Hamli, who had held the position since November 2004.

In this capacity, he is also the Head of the UAE Delegation to OPEC.

Al Mazrouei was previously Deputy Chief Executive Officer and Executive Vice President of Mubadala Petroleum.

In this capacity, he was responsible for all the new business development activities in the Middle East and North Africa (MENA) region and the eastern hemisphere in upstream oil and gas activities.

Al Mazrouei, who in 1996 attained a Bachelor of Science Degree in Petroleum Engineering from Tulsa University in the United States, has a diversified technical and management background in reservoir engineering, production operations and project management.

This was acquired from managing the production and engineering facilities of five operating companies of the Abu Dhabi National Oil Company (ADNOC).

During his time at ADNOC, he was involved in major upgrades within the Abu Dhabi Marine Operating Company (ADMA OPCO) and the Zakum Development Company (ZADCO), which involved the incorporation of multi-billion dollar projects.

As a manager of production and engineering facilities for all offshore operators in Abu Dhabi, Al Mazrouei managed and coordinated a collective production capacity of more than one million barrels/day.

Through interaction with the independent partners of ADNOC, he was exposed to world-class asset management, as well as leadership.

At one time, he was seconded to Shell EP in the Netherlands to work on international projects in Nigeria, the North Sea, Brunei and the Netherlands.

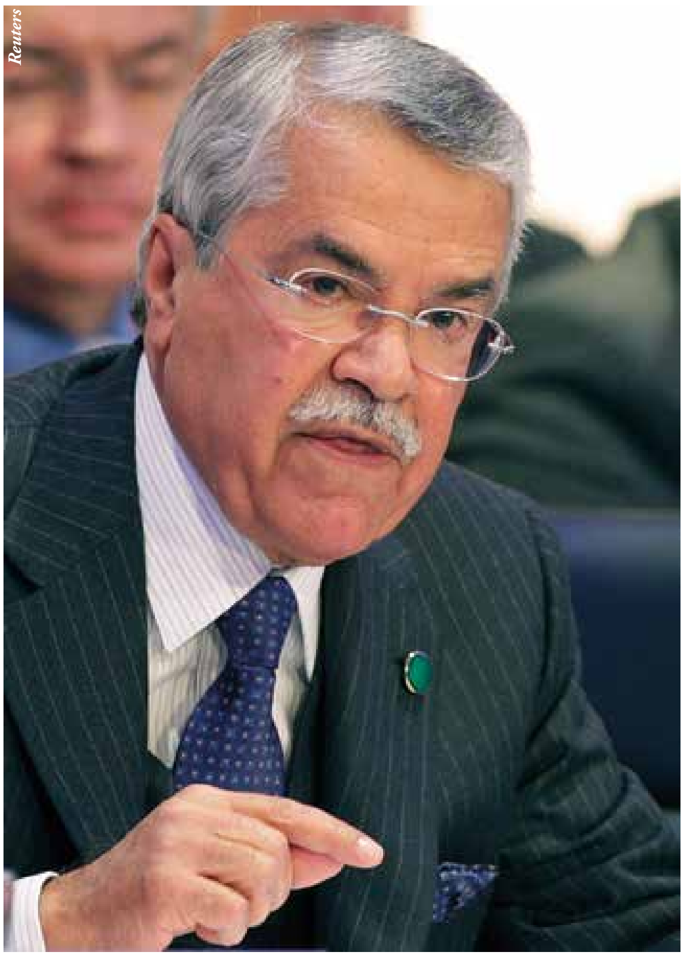
Al Mazrouei joined Mubadala Petroleum in 2007 and was responsible for new oil and gas business developments in the Middle East, North Africa and Central Asia.

He especially contributed to the expansion of Mubadala's portfolio assets in Bahrain, Oman and Kazakhstan.

In addition to being a member of the UAE's Supreme Petroleum Council Advisory and Audit Committee, Al Mazrouei represents Mubadala as a Board Member in a number of key companies, such as Dolphin Energy, Tatweer Petroleum and Pearl Energy.

He is also a Board Member of a publicly listed company — Surouh Real Estate PJSC in Abu Dhabi.

Naimi sees no change in the status quo — oil still the leader in energy supply



Ali I Naimi, Saudi Arabian Minister of Petroleum and Mineral Resources.

"Clearly, the international energy industry has become more complex. Oil has retained its central position, but, increasingly, gas has become an important dimension."

Amidst concerns of tough global economic conditions and new sources of energy investment, Saudi Arabian Minister of Petroleum and Mineral Resources, Ali I Naimi, has reassured the petroleum-producing community that oil's place as the lead energy provider is not likely to change anytime soon.

Speaking in Doha, Qatar, he said that despite recent crude oil demand fluctuations, overall oil demand is healthy in the wake of current global circumstances and should continue to grow in the developing 21st century.

This growth in demand is not without its challenges, he said. Citing tough financial times, as well as rising competition from new and "unconventional" energy sources, Naimi remarked that more companies and nations are competing for what is seen as a shrinking market.

Enough to go around

However, he noted that the "(energy) pie is getting bigger, and there is enough to go around." In fact, he called the competition a sign of a healthy market, believing that these current challenges will create opportunities for increased efficiency and quality of service.

Naimi went on to cite new emerging players into the oil market, such as the Russian Arctic, Australia, Brazil, and Canada. Even the United States, historically a net importer of oil and petroleum, could potentially become a leading exporter as a result of augmented national investment into gas and oil.

He said the increase in actors brings increased depth and market stability but risks wildly fluctuating energy prices. This fluctuation, he noted, is in neither the best interest of consumers or producers.

In spite of this caution, Naimi remained highly optimistic, saying: "There is enough demand growth to absorb new supplies and help maintain market stability." This increase in demand, fuelled by population growth, does require more energy and a wider spectrum of energy types utilized.

At another event, Naimi welcomed additional sources of energy into the market, citing the necessity of other energy sources in complimenting oil to meet world energy demand.

"Prophets of plenty"

Speaking in Qatar at the beginning of April, he noted: "Clearly, the international energy industry has become more complex. Oil has retained its central position, but, increasingly, gas has become an important dimension. And there has been greater investment in renewable energy supplies."

In his earlier address, Naimi heralded US fracking and Brazilian offshore drilling as "prophets of plenty" in dispelling fears that energy stocks are diminishing rapidly. In the end, he said, economic growth and increases in standards of living are fuelled by supply increases and this depth brings enhanced stability to the market.

Looking at the Saudi Arabian domestic situation, the Minister said the Kingdom produced 9.2 million barrels/day of crude oil in February, according to OPEC's recent production figures.

Saudi Arabia's official oil production capacity stands at 12.5m b/d. This, coupled with the rest of the Gulf Cooperation Council (GCC) countries, had accounted for 20 per cent of the world's crude oil demand over the last 40 years, and shows little sign of slowing down as Asian markets increase demand further.

Naimi's speech in Qatar closely mirrored his optimism laid out in Hong Kong. GCC suppliers are heavily invested, he said, in encouraging development in both the GCC and Asia.

Citing recent numbers, Naimi commented that the combined GDP numbers of both sets of countries are at a historic high and expected to grow further, in spite of recent turbulence in Arab producing states. Saudi Arabia and its fellow GCC countries have, he said, the spare capacity to handle any shortfalls and ensure market stability in Asia's growing market.

Responding to critics that see oil's current price at $100/b as unreasonable, Naimi acknowledged that oil prices have fluctuated more in the past 15 years than in any other time in history. He further acknowledged the increase in prices during his tenure as Petroleum Minister, but stated that this fluctuation has settled with oil being priced at $100/b, a price that is "reasonable".

He went on to further comment that the "price point is as much to do with the global economy than [sic] any national government." The accusation of price manipulation, seen by some as a means to maintain public spending in Riyadh, is a myth, he said.

Global economic health

Naimi noted that global economic health has an inordinate amount of influence on the health of oil-producing nations, and that fluctuating price points are good only for traders and not growth and stability.

The Minister's remarks come on the back of a series of less optimistic economic developments worldwide, most notably dealing with Asian powerhouses India, Japan, and China.

OPEC itself has warned that oil demand growth could miss forecasts in 2013, but the Organization has kept its predictions steady for now, still expecting an expansion of global oil consumption this year of about 840,000 b/d.

IMF Managing Director praises progress made by Algeria

Christine Lagarde, Managing Director of the International Monetary Fund (IMF).

Algerian President, Abdelaziz Bouteflika.

The Managing Director of the International Monetary Fund (IMF), Christine Lagarde, has praised the progress made by OPEC Member Country, Algeria.

In a statement issued in Algiers in March, at the end of her first visit to the North African country in her capacity as head of the IMF, she said: "It is a great pleasure to return to Algeria — home of many cultures — and meet with its people. This is my first visit to Algiers as Managing Director of the IMF."

Inspired by determination

She said that during her visit she had held talks with President Abdelaziz Bouteflika, Prime Minister Abdelmalek Sellal, Finance Minister Karim Djoudi, the Governor of Banque d'Algérie, Mohammed Laksaci, and other senior officials.

"I also had the pleasure of interacting with representatives of the private sector, distinguished women leaders, and promising young men and women. I was inspired by their determination to contribute to the well-being of their economy and society," she affirmed.

Ms Lagarde disclosed that during her discussions, she had congratulated the Algerian authorities for the progress witnessed by the country over the past decade.

Her talks had covered the outlook for the global economy and its impact on countries in the region, noting that despite the difficult external environment, growth was expected to remain solid — between three and 3.5 per cent over the next two years.

"I also extended my appreciation for Algeria's important support to strengthening the IMF's lending capacity," she stated.

The IMF head stressed that Algeria had significant growth potential, but conceded that it faced a number of challenges, including high inflation and unemployment, particularly among the young and women.

"I encouraged my counterparts to take further measures to preserve macroeconomic stability and ensure long-term fiscal sustainability."

Ms Lagarde maintained that in order to spur inclusive growth and reduce unemployment, a new awakening of the private sector was needed.

"Structural reforms to enhance the business climate, attracting foreign direct investment, deepening the financial sector, and equipping the workforce with needed skills, will be key," she professed.

Ms Lagarde pointed out that, in this regard, the IMF stood ready to continue providing policy advice and technical assistance to strengthen the Algerian economy's resilience.

In expressing her "great appreciation" to the government and people of Algeria for their gracious hospitality, she highlighted that the IMF valued highly the constructive and collaborative relationship it had with Algeria.

Iraq to launch fifth oil licensing round

Abdul-Kareem Luaibi Bahedh, Iraq's Oil Minister.

Iraq's Oil Minister, Abdul-Kareem Luaibi Bahedh, has announced that the country's next oil exploration licensing round will be held in the next few months.

"In the next few months, there will be the fifth licensing round," he told an industry conference in Italy in March.

The Minister said the new round would be centred on ten oil blocks. "There will be amended contracts that will be very alluring for the international oil companies," he was quoted as saying at the conference.

Looking to develop the oil sector

After years of conflict, instability and lost production, Iraq is looking to develop its oil sector — boosting its production capability from 3.3 million barrels/day at present to around 9m b/d by 2020.

Iraq is hopeful of securing oil exports of 2.9m b/d in 2013. In February, the Oil Ministry said exports stood at 2.54m b/d, up from January's average of 2.36m b/d.

But while previous exploration tenders concentrated on boosting the country's crude oil capacity, new bidding rounds will also be looking to enhance Iraq's gas production.

"In previous contract awards no importance was given to gas. We have now started a major project to develop gas," Bahedh stated.

In fact, Iraq's Oil Ministry has announced that the newly formed Basrah Gas Company (BGC), a joint venture incorporating Royal Dutch Shell, Japan's Mitsubishi and Iraq's South Gas Company (SGC), started operating officially from the beginning of April.

Thamir Ghadhban, Oil Advisor to Iraqi Prime Minister, Nouri Al-Maliki, said on the sidelines of an energy conference in Dubai that the joint venture would address the surplus gas being flared in the country.

According to Oil Ministry data, an estimated 1.1–1.2 billion cubic feet of gas/day is currently being flared in Iraq. Figures show that more than 800 million cu ft of associated gas is being flared from the country's southern oil fields alone.

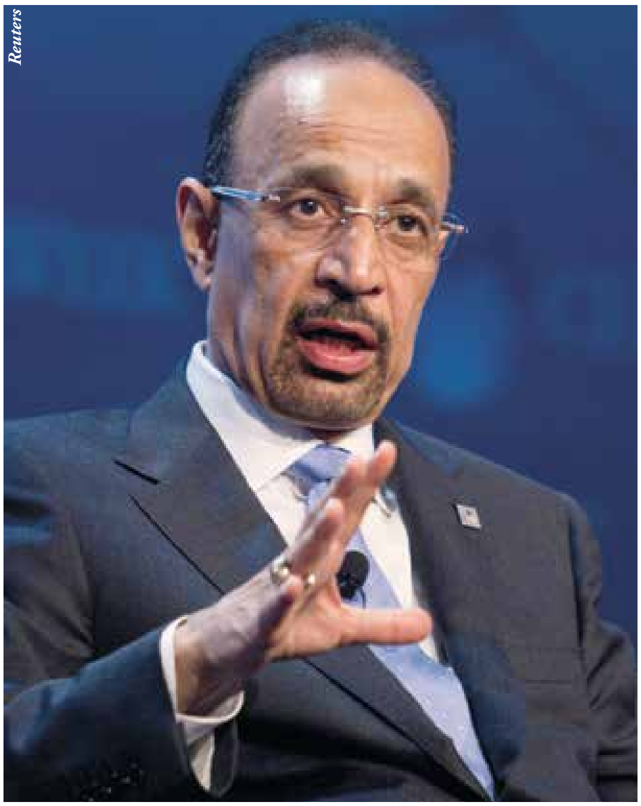
Dealing with gas flaring forms part of the country's national energy strategy, which Iraq's parliament is expected to discuss soon to provide a roadmap for domestic hydrocarbons and power development up to 2020, said Ghadhban. The draft proposal has already been ratified by the Council of Ministers' Energy Committee.

Apart from the crude oil expansion plans, the strategy lists three gas development scenarios under which Iraq's natural gas output would increase to 5 billion, 8bn, or 10bn cu ft/d over the next several years from nearly 450m cu ft/d, curently.

"By the end of 2015, we hope we are going to stop gas-flaring," Ghadhban was quoted as saying.

In addition to capturing the volumes of associated gas currently wasted, contracts have been reached with international companies to develop non-associated gas reserves from three major fields — Akkas, Mansouriya and Siba.

Saudi Arabia's Manifa oil field starts output three months early



Khalid Al-Falih, Saudi Aramco's Chief Executive.

Saudi Arabia's national oil company, Saudi Aramco, has started production of Arabian heavy crude oil from its Manifa oil field in April, earlier than expected.

Indications in January were that the field would start production in June this year, but due to certain processes being ahead of schedule, the earlier start date was made possible.

Phase one of the project, which will be implemented over the next three months, will see production rising to a plateau of 500,000 b/d.

Plans are that by the end of next year, Manifa, which was discovered as far back as 1957 and has estimated proven reserves of 14 billion barrels, will hit an impressive output level of 900,000 b/d.

In the past, the Manifa field, one of the last giant underdeveloped fields in the Kingdom, only produced minimal amounts of oil, before being taken out of production.

The 28° API heavy crude now being produced from the field will mainly be used to supply Saudi Aramco's two new heavy oil refineries in Jubail and Yanbu.

According to Saudi Aramco, the Manifa development, incorporating the provision of 27 man-made islands, and which was estimated at costing $15bn in 2009, had been completed under budget.

"The Manifa story will be a very bright and shining example in our corporate history," commented Saudi Aramco's Chief Executive, Khalid Al-Falih.

"It really opens a new page in terms of overcoming various hurdles and complexities most notably through human and technological innovation," he was quoted as saying recently.

Five reservoirs

The Manifa scheme entails drawing on the field's five reservoirs, including the main two — Khafji and Safaniyah — to produce the Arab Heavy crude, in addition to 90 million cubic feet/day of associated sour gas and 65,000 b/d of condensate.

However, the extra production the field will add to the Kingdom's estimated total output capacity of 12.5m b/d (including the Free Zone), will be offset by the loss of output capability from some of Saudi Arabia's older fields.

The heavy crude from Manifa will feed two new 400,000 b/d refineries being built in the eastern oil hub of Jubail and the western export city of Yanbu.

The Jubail plant, constructed by the Saudi Aramco Total Refining and Petrochemical Company, a joint venture between Saudi Aramco (62.5 per cent) and Total of France (37.5 per cent), was expected to start receiving crude supplies very soon, while the Yanbu facility, being built in partnership with China's Sinopec, was due in 2014.

Meanwhile, Saudi Arabia is intending increasing its drilling activity, both for exploration and development, during 2013 to bring more oil and gas availability to the Kingdom.

According to the international oil services company, Schlumberger, Saudi Aramco planned to add 26 more rigs to its operations by the end of this year, bringing the total to 160.

Qatar gears up for 2022 with 18 per cent boost in government spending

Youssef Kamal, Qatar's Finance and Economy Minister.

With its sights firmly set on 2022 — the year it hosts the World Cup — Qatar is planning to boost government spending by 18 per cent in fiscal 2013–14.

The Qatar News Agency (QNA) has quoted the country's Finance and Economy Minister, Youssef Kamal, as saying that planned spending for next year stood at just over 210 billion riyals ($57.8bn).

The Emir of Qatar, Sheikh Hamad Bin Khalifa Al Thani, has already approved a budget which foresees revenues of 218.1bn riyals and a surplus of 7.4bn, considerably lower than the 27.7bn riyal surplus contained in the previous fiscal year's budget.

Quoted in a statement carried by QNA, Kamal said the new budget was based on a number of considerations, the first of which was that there were indications that the global economy was set to improve, even though this prognosis was still surrounded by a lot of uncertainty.

He noted that the government had decided to keep the export oil price contained in the budget unchanged from this year at $65/barrel, even though international prices had been hovering around the $100/b level for several months.

Non-oil sector support

Kamal said that economic growth in Qatar was forecast to be in excess of four per cent this year, supported by developments in the non-oil sector, particularly services and construction.

The increased spending next year is in line with preparations for the World Cup, arguably the most ambitious and demanding event on the sporting calendar.

The country is in the throes of implementing a huge infrastructure building programme in preparation for the tournament.

Farah Ahmed Hersi, a Senior Economist at the Masraf Al Rayan Bank in the Qatari capital, Doha, said the extent of the budget showed just how serious the country was about providing the needed infrastructure in good time for 2022.

Apart from the provision of unique, state-of-the-art soccer stadiums for the competition, the infrastructure building plans see Qatar spending around $140bn through to 2022 on a rail system, a new airport, a seaport, and hundreds of kilometres of major new roads.

Winning the bid for the World Cup was a major coup for the country. What began with an ambitious, forward-looking government determined to develop Qatar's international standing, particularly with regard to the promotion of sports of all kinds, resulted in a fairytale ending few could imagine.

The Gulf state, which figured in the 'final four' showdown in Zurich as to who would host the 2022 competition, was up against the might of the United States, Japan, South Korea and Australia.

Yet, it prevailed — and is now living the dream, a country with a population of just 1.64 million living and a land area covering just 11,000 square kilometers, but which has undergone considerable development over the years.

Room with a view …
new Dubai hotel tallest in the world

Dubai, which has set several landmarks in recent years with its world-leading development projects, has scored another first in completing the world's tallest hotel.

Towering an astonishing 1,164 feet, the JW Marriott Marquis *(pictured below)* has been officially opened in the Emirate — and if it is a room with a unique panoramic view of Dubai that you want, then for as little as $326 a night, you could not find anything better.

The impressive structure has two separate towers. The first one has now opened for business offering 804 rooms. The second tower, which will also have 804 rooms, is scheduled to open by 2014.

Each tower has two presidential suites, 506 typical king-sized rooms, 156 twin rooms, four rooms fitted specifically for the disabled and 118 corner suites. There are also a further 22 executive king-sized rooms in a choice of configurations.

Complete with 72 floors spread over an area of 355 metres, the luxury hotel has effectively edged out the previous number one spot in the Guinness Book of World Records — the 1,093 ft Rose Tower, also situated in Dubai.

The new hotel has the capacity to stage a convention for up to 1,000 people, while the seventh floor of the building has a stunning pool deck, complete with 30-metre pool, together with a bar and grill.

Owned by the Emirates Group, the hotel also has nine restaurants, five bars, two ballrooms, as well as a spa and health club.

A host of international VIPs, including Marriott International's President and CEO, Arne Sorenson, attended the official opening.

Sorenson was quoted as saying that Dubai was an important destination for Marriott International as one of the world's most exciting cities, offering world-class facilities and infrastructure, a central location in the Gulf region and future growth potential.

"Our expanding collection of world-class JW Marriott hotels offers accomplished travelers a one-of-a-kind luxury experience," he stressed.

International gateway city

"The investment in this unique and visually stunning hotel is testament to the continued opportunities that lie ahead for the brand and company," he added.

Meanwhile, Mitzi Gaskins, Vice President and Global Brand Manager for JW Marriott Hotels and Resorts, told reporters that the opening of the hotel was the culmination of many years of hard work and dedication to delivering the very best product, facilities and service "in this international gateway city" of Dubai.

"As our global portfolio continues to grow, we remain dedicated to offering our guests unforgettable travel experiences with intuitive service, thoughtful amenities and refined design, celebrating the authentic flavour of each destination," he affirmed.

Officials pointed out that businesses and conference organizers around the world were more and more noticing Dubai's growing influence as a global business hub.

Hotel General Manager, Rupprecht Queitsch, stated: "We are thrilled to be officially open and believe this iconic new property will set a new standard in business hotels — not just in the region, but throughout the world."

ddp images

Indonesia awards exploration blocks, seeking to boost output capacity

Indonesia has awarded exploration rights to 14 oil and gas blocks in a new tender that ultimately seeks to boost the country's oil production capability to over one million barrels/day.

The Southeast Asian country, which suspended its OPEC Membership in 2008, due to becoming a net oil importer, has been struggling to find the right conditions to reverse the decline of its ageing oil fields and boost its international oil standing once more.

And according to Edy Hermantoro, Director General of Oil and Gas at the Ministry of Energy and Mineral Resources, the results of the latest tender showed that Indonesia's energy sector still remained attractive to investors.

Seismic data

Before the tender, interested oil and gas companies and the government cooperated in a study to develop seismic data for each of the blocks on offer.

"Some of the blocks awarded have not been drilled yet ... this is an indication that Indonesia is still (attractive) in terms of conventional oil and gas," Hermantoro was quoted as saying by *Reuters*.

He noted that the government needed to work with other institutions to improve the investment climate in the country, but he also called on the oil and gas companies involved to work more closely with the Energy and Mineral Resources Ministry to resolve outstanding issues.

The government, he stressed, was working with Indonesia's new oil and gas regulator on planned incentives to encourage exploration.

Of the tender winners, Japan's Inpex won a deal to explore the West Sebuku block off the coast of Kalimantan, in a consortium with Mubadala Petroleum, while Salamander Energy won rights to onshore block West and Northeast Bangkanai in Kalimantan. Premier Oil was awarded the West Tuna Block in the Natuna Sea.

Of concern to the government over the past few years is Indonesia's petroleum production decline. Figures show that output of oil and condensate stood at just 861,000 b/d last year, compared with 1.6m b/d in 1995.

Enhanced oil recovery

Meanwhile, Evita Legowo, Oil and Gas Director General at the Energy and Mines Ministry, told Platts that the domestic oil sector was increasing the use of enhanced oil recovery to help raise production to the targeted level.

The government has set a crude and condensate output target of 1m b/d for 2014, an annual level that was expected to be continued until 2025.

BPMigas' Deputy Head of Planning, Widhyawan Prawiraatmadja, was quoted as saying that the additional output to help meet the 2014 target would come from fields such as the joint Pertamina and Exxon Banyu Urip field in the Cepu block, which is scheduled to reach peak production of 165,000 b/d during the year.

He said Indonesia also expected to get additional output of 120,000 b/d from Chevron's Minas surfactant project in 2021.

The Indonesian government has set a crude and condensate output target of 1m b/d for 2014.

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GCC petroleum income said to have hit all-time high in 2012

Gulf Cooperation Council (GCC) petroleum income, boosted by high prices and steady production, is said to have reached an all-time high in 2012.

According to the Washington-based Institute for International Finance (IIF), the Council's six member countries — OPEC Members Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates (UAE), as well as Oman and Bahrain — recorded total oil and gas income of $737.5 billion.

Highest in GCC history

This was $ 42bn more than the $695.9bn earned in 2011 and more than double the oil revenue of $305bn registered in 2005. It was also the highest figure recorded in the GCC's history, the IIF study revealed.

The IIF noted that the record revenues were accrued from a combination of higher oil production, coupled with firmer crude prices, which averaged last year at around $ 110/barrel, compared with $106/b in 2011.

It also reported in the study that the higher earnings boosted the GCC's current account surplus to a new record of around $375bn in 2012, compared with $328bn in 2011.

However, the IIF has forecast that in 2013, GCC petroleum revenues will fall to around $ 720bn and to $705bn in 2014.

This is in line with economic forecasts for the region. According to the National Bank of Kuwait (NBK), GCC economic growth is forecast to decline to 3.6 per cent from the 5.4 per cent recorded in 2012.

However, in its GCC Economic Outlook report, the bank stressed that business conditions in the region were expected to remain solid as governments maintained high levels of investment and social spending.

The report maintained that Qatar and Oman were likely to be the region's best performers in 2013, but growth would also be sound in Kuwait and Saudi Arabia.

The bank's findings are based on crude oil prices averaging $100/b through the year, a level that is seen as comfortable for enabling GCC governments to continue financing their development projects.

However, the NBK also warned of risks associated with its forecasts. It said that any major global economic downturn could result in oil prices falling for an extended period. Such an event would put government spending plans under pressure and ultimately weaken economic growth.

But, under present conditions, the NBK said that GCC government spending would likely rise by six to eight per cent annually over the next two years. In fact, by 2014, spending could be nearly 50 per cent higher than in 2010.

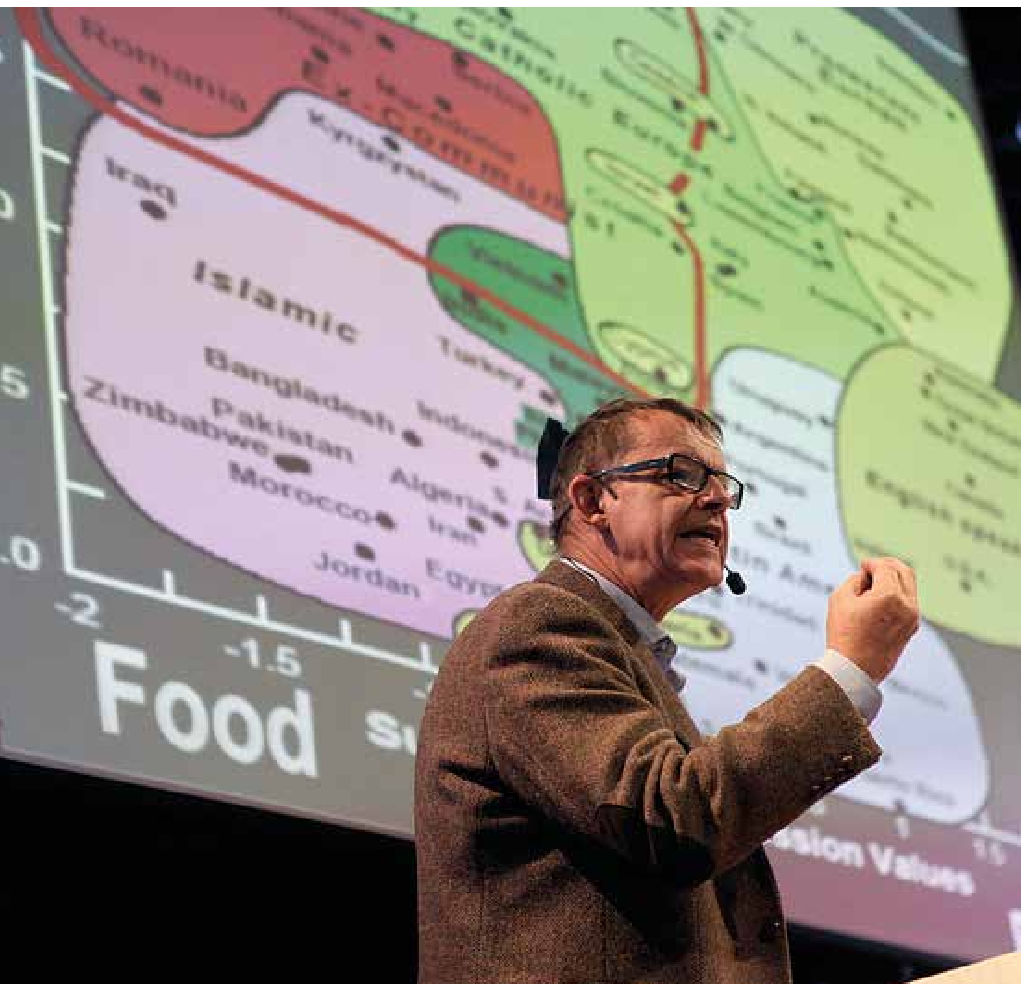
Fast-growing economies

The GCC was established in the UAE capital, Abu Dhabi, in 1981. Today, its Members, supported by their petroleum wealth, are among the fastest-growing economies in the world and having great influence on present and future world energy supplies.

Their economic standing has benefited from high oil prices and production, as well as a surge in government infrastructure spending and public sector wage growth.

The current enabling environment is forecast to continue to generate solid growth in the years ahead.

The oil industry and the manpower shortage ... a quest for the law of attraction



Hans Rosling, Professor of International Health at Karolinska Institutet.

It is common knowledge that the international oil sector is facing an acute manpower shortage. As more and more skilled engineers and technicians retire from the industry, their positions are not being taken up by new graduates who, for one reason or another, do not find the employment opportunities offered by the petroleum sector attractive or lucrative enough. ***Saúl Castro Gómez****, a Venezuelan national and staff member at the Stockholm International School, looks at the problem for the* ***OPEC Bulletin*** *and offers some advice to the big oil companies and other industry stakeholders for overcoming the apathy being displayed towards oil by tomorrow's budding professionals.*

While it is true that population growth gives rise to the general assumption that availability of human resources will continue to increase in the 21st century, in reality, this is just an idealist view and cannot be taken for granted.

The forecast increase in the global population does not necessarily mean that human resources will be distributed evenly to satisfy all employment needs within the contemporary social apparatus; in fact, there is no absolute certainty as to whether these human resources will arrive at the right time, or in accordance with the diverse human constraints that exist in any given period.

The world's population has increased significantly and, in tandem, so has demand for energy. But what has not increased in proportion is the disposal of qualified workers servicing this vital industry. In fact, in general, despite all the extra human resources available, many countries are experiencing a decrease in the working-age population.

For example, some OECD countries have more people pursuing the process of retirement than entering into skilled employment. Certain nations, especially the less economically developed countries (LEDCs), have — and are better off with — a younger workforce, but if a state is not able to provide its youth with the educational tools and opportunities needed to develop specific skills, sadly any demographic dividend turns instead into a waste of human resources.

There are countless areas of knowledge and expertise to pursue, but one particular activity that we cannot afford to neglect is the extraction of fossil fuels — still very much the engine of world economic growth. Oil is the essential ingredient that feeds and fuels an economy — propelling growth and spurring prosperity. Looking at the global energy scene in this light, fortunately there have been more successes than failures; whichever the case, the world today still relies on the provision of oil to keep its wheels running the way we have always known.

But there's the rub, since the international oil industry is suffering from a manpower shortage. The new blood that is entering the sector is limited, while other, seemingly more appealing, areas of work are attracting more graduates and skilled youths without any leitmotiv related to the legendary 'black gold'. Hence, the question, what are oil companies doing to help attract more students and entrepreneurs to pursue an oil-sector career is of increasingly important relevance.

A frequent concluding remark from international seminars, energy fora, and intergovernmental and private summits — you name it — is the firm conviction that "new oil reserves do exist, but more human resources are needed."

Taking into consideration such a statement, one could hypothesize that companies are simply in the process of hiring more personnel. Firms are offering different incentive programmes for all — not only fresh graduates, but also college students and even students in high school in the process of choosing a career. This goes beyond seasonal work for interns or internships.

Clearly, extra efforts are needed for the process to be efficient and exposed to the public correctly. In this regard, I took it upon myself to contact human resource and media units in different companies, simply with the idea of requesting guidance on the matter of recruitment.

From the outset, I quickly realized that finding a just balance in the status of manpower within the oil industry is not an easy task. For some companies, the lack of human resources does not exist, amid a well-known demographic trend related to a shrinking workforce. In many cases, the most recurrent answer that one receives is: "Our company does not suffer any manpower shortage."

Entrepreneurs assembled for the lectures.

Whereas corporative documentation is essential to set an initial dossier for the elaboration of an article of this kind, first-hand experience — call it an exchange of ideas with human resources — would have been insightful too in attaining a more reasonable portrayal of what we can expect of the "future generation". To further my investigations, I decided to participate in two of the main events that take place in Sweden every year offering potential manpower opportunities.

Nick Kaye, Executive Director of the Stockholm School of Entrepreneurship.

"Good Morning Stockholm"

The first event, 'Good Morning Stockholm', was held at the Grand Hotel in the Swedish capital in November last year. Organized by the Stockholm School of Entrepreneurship (SSES), in conjunction with a variety of partners, it proved to be a promising start for my quest. The event represents the school's annual international meeting on entrepreneurship, innovation and future tendencies.

It consisted of various lectures and seminars that attracted inter-disciplinary specialists as speakers, such as Rhett L Weiss, Director of the Entrepreneurship and Innovation Institute at Cornell University, Ronald Jones, Centre Director at Konstfack, and Hans Rosling, Professor of International Health at Karolinska Institutet, just to mention a few.

Creative minds, students, professionals and the curious gathered under this year's theme of the 'humane city'. In the first lecture, *At the far end of the entrepreneurship garden,* Hans Rosling, in first depicting a good example of how to interpret theory with statistical graphics in an interactive fashion, also highlighted an intriguing angle on the so-called emerging economies.

Rosling referred to these particular countries as part of the transformation of a family into a smaller size and explained how this entity then perceived the sectors and organizations surrounding it. He said it was not exclusively related to money, investments, or the conditions in which to invest, and in one of his interpretations, one could claim that individuals and entrepreneurs could not always rely on the big corporations to drive change.

His ideas brought to mind some interesting comments made by the former Secretary General of the International Energy Forum (IEF), Noé van Hulst, during the 13th biennial IEF ministerial talks that took place in Kuwait last year. While being interviewed by the *OPEC Bulletin's* Alvino-Mario Fantini in regard to the new challenges and changes facing the oil and gas industry, he pointed out that there was a much larger need than before in the energy industry to perform in the public eye, "so they have to be able to communicate more with the general public."

Rosling's lecture highlighted the importance of communication/interaction between corporations and individuals and was the preamble of a busy day that featured other motivational and provoking presentations across different sessions. Throughout the day, I listened carefully to the lectures and my spare time, combined with the coffee breaks, provided ideal instances to share thoughts or comments with other participants. I was spoiled for choice — there were more than 500 entrepreneurs, students and professionals in attendance.

Though not precisely an event connected to oil, the wide range of ideas discussed were ideal to develop an appreciation of the extent of oil sector influence on academic gatherings, based on innovation. Within the 'humane city' theme, which set out to examine how technology changes the way we utilize our cities as more sustainable places, it was discerning to envisage how digital applications and the use of data can be used to create a contemporary city model.

Nevertheless, the comprehensive focus on technological implications prompted my curiosity even more about the roles that cultural diversity and mainly the 'provision of energy', play in the pressing challenges of the everyday life of the city dweller.

As I left one of the sessions, I happened to pass by and greet Venezuelan students from the Simón Bolivar University (USB). Some of the students formed part of exchange programmes or collaborations between the prestigious Venezuelan University and the Royal Institute of Technology (KTH). They were studying to be engineers, a vital profession in the energy sector, especially nowadays when new engineering technics and innovation are crucial to obtaining non-conventional fossil fuels to cope with the world's increasing demand for energy.

The occasion was propitious for me to recall the Venezuelan programme of scholarships — called 'Ayacucho' — which helped a great number of students in the 1970s and 1980s to study for a career in the field of energy. Today, most of these professionals have retired, or are in the throes of retirement.

While walking in the corridors annexed to the auditorium, I took the opportunity to stop by different stands which offered information that the organizers had provided for the event. More than mingling, my main objective was to put questions to the participants concerning petroleum as a resource of progress. I did not need much time to realize that this is steeped in the present era of information technology; an epoch of the digital revolution.

Among the many persons I had the chance to talk to — I told them I was there to elaborate on an article related to human resources in the oil sector — there was little response, if any, in relation to the necessity of the industry for the functioning of our world.

For one reason or another — let us consider advertisements among them — it is easier for a person to be impressed by the digits and symbols displayed on the screen of an electronic device, than to appreciate the 'refining' process behind the materials used, by which the very use of the device is made possible.

A slim laptop computer looks a million miles away from crude oil, but without oil, this wonder of the modern age could not exist — not in its present form, at least. With the absence of polystyrene, polycarbonate and a number of polymers that are obtained through the various oil refinery processes, a Steve Jobs' presentation on the iPhone would have not have taken place. Amen to the outstanding innovative human skills involved.

In my discussions with students, designers and young entrepreneurs, the word petroleum seemed to be somewhat irrelevant. Considering the huge spectrum of constituents obtained from fossil fuels, something central to an industrial designer, I would have expected an inquisitive question or two correlated to the current level of global oil reserves. For instance, have we, as entrepreneurs, secured for the rest of this century at least, the provision of adequate petroleum-based materials? It is an important question.

It is fundamental for entrepreneurs to be able to count on an oil industry working to its fullest ability, so that raw materials can be there to feed the creative mind, when needed, at any given time.

Though much came from listening to so many lectures and the intense exchange of ideas that took place, my time is limited in summarizing so many aspects. But I have managed, for the purpose of this article, to deviate my attention to the word 'inspiration', a common word in the entrepreneurial argot. The question that stands out for the oil sector is: how can a good percentage of human resources be gained through inspiration?

"It was noteworthy to see the interest among the students in the many ways the OPEC Secretariat in Vienna has to disseminate information on the oil industry in general."

Nick Kaye, Executive Director of SSES, took the stage after the last lecture to offer some final words of appreciation for everybody involved in the making of the event. He concluded by mentioning a very interesting sentence contained in the MacArthur Foundation's annual report. It read: "Sixty-five per cent of today's elementary school students will ultimately enter the workforce, taking jobs yet to be invented." A sobering thought, indeed.

Whether or not my observations concerning the first event were sufficient to understand the issue of the manpower shortage in the oil sector, I felt the next stop would be even more useful in reaching my quest. I am talking about my visit to an establishment where individuals think, at least once in their lifetime, about a true and meaningful career — the *schola*. Schools are great places for productive segments in society to start attracting human resources. A career fair within a school is a good example set for this purpose.

The career fair

The career fair I attended was held in February this year at Stockholm International School. Headed by Rune Svaninger, this is the oldest

Hans Blix, former head of the International Atomic Energy Agency (IAEA).

international school in Scandinavia and includes a representative sample of students from diverse nationalities. The fair consisted of different sessions with speakers covering a variety of professional areas. This year the fair was exceptionally well attended. Joran Bjallerstedt, Senior Advisor at the Swedish Ministry of Foreign Affairs, Klaus Kibsgaard, CEO of the BMW group, Tristan Imbert, Financial Director for Novartis Pharmaceuticals, and Hans Blix, former head of the International Atomic Energy Agency (IAEA), were some of the speakers.

The sessions were organized in such a way that the students were able to rotate from session to session over seven interesting hours, including time for lunch and a main lecture with a keynote speaker.

There were more than 30 speakers from different walks of life (really a career fair). Each classroom session typically lasted 45 minutes, half of which was used to deliver a presentation, with the remaining time devoted to questions and answers. A teacher was available to facilitate, if necessary, the flow of communication between pupils and guests, especially during the questions and answers. It was really a lively exercise.

As I continued to walk the school corridors, the atmosphere was really communitarian; pupils, parents and teachers alike, all together actively participating in the fair. This is perhaps a determining day for a high school student in the course of choosing what type of professional path to follow.

Carol Wegdell, the school's Counselor for Senior Students, and promoter of the fair, as well as Upper School Principal, Kevin Munro, are both on hand to answer questions and smooth out any glitches. They both know the seriousness of this activity; it can, after all, have a positive impact on students and a bearing on their future in society. To organize a proper career fair is not an easy task. It requires time, effort and coordination. The speakers are busy professionals, who have to make time for such an event.

This year's list of presenters included doctors, writers, teachers, producers, diplomats, political scientists, accountants, journalists, and entrepreneurs. You could say that liberal arts and science gathered together in one single place to help encourage future generations of professionals.

But significantly, with all the professions on display — and there was a great assortment — I noticed that nobody was representing the oil industry.

I actually put this question to Carol Wegdell and she explained that the reason for this 'empty chair' had to do with the fact that, before the event, a survey was carried out to determine the vocational interests of the students, so that the optimal and most yearned-after contacts could be arranged. Obviously, the students, when questioned, had not shown any interest in the topic of oil.

The main lecture, presented by Hans Blix, was objective and inspirational. Students were able to obtain a summary of how an individual can pursue a successful career based on a vocational interest and the opportunities that life can offer. Integrity, discipline, creativity and 'consensus in teamwork', were the essential aspects highlighted by Blix to perform well in a working environment.

Malene Schmidt, a teacher at the school involved in the IB Diploma Programme, expertly moderated the questions and answers. At some point the topic of energy was mentioned. Having extensive knowledge of the nuclear industry, Blix stated his preference for the continued use of nuclear energy over that provided by fossil fuels, saying it is healthier for the planet in reducing harmful emissions. However, he proffered that when it comes to energy, it really is a "matter of different views."

In the afternoon, I conducted my own session; there were more students in the classroom than expected. I did a presentation on *Mass media* and certain aspects of the personality needed to be a social communicator, such as patience, for example, when collecting information from different sources, in order to offer timely and accurate information.

As a Venezuelan, I could not avoid talking briefly about OPEC. The main focus was on the Organization's numerous publications. It was noteworthy to see the interest among the students in the many ways the OPEC Secretariat in Vienna has to disseminate information on the oil industry in general.

Towards the end of the day, I was reflecting on how nice it would have been to have had someone from the oil sector at the fair. It would have been a good advertisement for the industry, and shown a different perspective to the students. In the field of medicine, for example, I could have informed them how manufacturing advancements in medicinal aids, such as prosthetic limbs, hearing aids, or artificial hearts, were only made possible because of petroleum products.

Overall, I felt there was so much to say about the work done by a petroleum engineer, a geoscientist, a geophysicist, or even a pilot flying a plane with an attached magnetic anomaly detector (MAD), to study the geomagnetic field of Earth; careers not many high school students are aware of. A career fair of this type can even be a surprise for an experienced adult. It offers a wide view of the different activities in which the human inventive is stressed. With its implementation, Stockholm International School is offering a great contribution to the productive sectors at large.

Understanding human resources in the oil sector — some brief considerations

Manpower, an international employment agency, has been conducting a 'talent shortage survey'. For the seventh year in a row, it suggests a non-optimistic tendency. Employers worldwide find it difficult to fill positions because of talent shortages in their markets. Towers Watson, an important HR consultancy group, has released recent data suggesting that more than 60 per cent of global companies, including at least 80 per cent of firms within the fast-growth economies, are having difficulties attracting individuals with the desired qualifications.

A variety of factors of macro and micro-level orientation can influence the flow of human capital towards a specific productive sector. Some of these can be economic, demographic, communicational, motivational and vocational. In relation to the oil sector, it seems they are interconnected. What I was able to perceive while taking part in the events, alongside the compilation of information from various sources, would suggest there is some type of 'inspirational disconnection' between the oil sector and the young generation, as well as contemporary adults.

As an article, the information presented here is not definitive, and is mainly intended to bring insights into the topic of manpower shortage. Nevertheless, it identifies some considerations of the possible social dynamics that take place between HR in the oil sector around specific issues.

HR and environment

It is a great challenge for the oil industry to 'market' a product that is progressively being associated with environmental degradation. Today, the issue of global warming is at the centre of extensive classroom discussions worldwide. More than ever, there is a need for corporations to get in contact with high schools and college students to 'reinvigorate' the image of the exploitation of oil. New generations need to know what has — and is — being implemented by the industry towards conserving the environment.

The dichotomy that signifies, on the one side, the extraction of fossil fuels for satisfying the world's high energy demand, and, on the other, the conservation of the environment, is really challenging, but efforts continued to be made to limit pollution. It is common for students to raise the question as to why they should work with something that potentially harms the planet, but, at the same time, they need to be reminded that the possibility of accessing more oil is seen as the sovereign right of every nation to help improve living standards and fight energy poverty.

HR and cross-border migration

Demographic changes are having a significant impact on the global workforce. In the oil industry, skilled workers are becoming scarcer as more and more experienced engineers and technicians retire. The mismatch between young and old dependency ratios in population pyramids across global states will surely open up a comprehensive debate in the next few years on the migration of mobile workers.

According to the International Organization of Migration (IOM), during the first decade of the 21st century, transnational migration grew by more than 40 per cent — from an estimated 150 million international migrants to more than 200m. However, despite this increase, the percentage of transnational workers in the world is still relatively small.

If the local labour force is not great enough to cover demand for manpower, then the industry can benefit from international mobile workers. But in order to do so, the oil firms — national and international oil companies alike — must join forces with states to promote migratory policies that are beneficial for both migrants and corporations.

This is particularly delicate in industrialized countries with illogical migratory policies that have claimed to own significant reserves of oil. The question is: is the human infrastructure available within a local population to develop the extraction of these reserves? Likewise, other internal psychodynamics play a role. Cost of living standards, difficulties with social integration and local hostility towards mobile workers might also trigger a reverse migration of certain workers.

One segment of the population that could play a key role in manpower redistribution in the field of energy is women. Globally, statistics indicate that women have become a great source of educated talent for the workforce in general. The problem arises when this source of human capital is underutilized.

The same applies for older workers, concerned about younger and more skilled employees. Oil companies could become more flexible when hiring — looking at age not as an obstacle, but instead as an asset of experience.

HR and education

In theory, there is a growing number of college-educated individuals, but this does not necessarily mean that the technical and scientific levels needed in the oil industry are being met. As the exploitation of oil becomes more difficult, the academic knowledge of the technologies involved needs to be higher. Sometimes the educational background of the human resources involved simply cannot meet the specific and changing needs of today's oil sector.

Fluctuations in oil prices, as well as economic and political crises over the past 25 years, have led to the excessive and certainly not well-managed layoff of qualified oil industry personnel that subsequently turned to more stable employment sectors. Through this, the oil industry was perceived by college students as being unstable.

Hence, there has been a decreasing number of college students expressing an interest in petroleum. Most definitely, more support from oil sector stakeholders to provide the relevant educational institutions is needed, in order to promote the industry as a just and rewarding career.

Some schools are actually offering educational inspiration to their students. At the Stockholm International School, for example, as a part of the International Primary Curriculum (IPC), one unit is dedicated entirely to the topic of oil. Students obtain a good foundation in petroleum matters at a very early age, more specifically, in the fifth grade. In this vein, certain oil companies are trying to apply a pedagogical vision to the issue.

One of the consulted sources mentioned the creation, together with other field partners, of a website called *Ormenlangeworld*. The site was launched recently to encourage young talents to pursue a career in the oil sector and can be used by teachers, either in primary or secondary school.

The creation of a Netherlands-based international centre of excellence on energy education, through innovation and research, is another great initiative. This can be found at Energyacademi.org.

HR and marketing

It has been said that the oil industry supports excessive advertisement for the transportation sector, while too little advertisement exists for other fields that depend on the industry.

In the US, to cite a case, recent studies by Careerbuilder and Economic Modelling Specialist International (EMSI) have shown the profession of software and applications developer to be the occupation that has produced the most jobs. This was followed by accountant in second place and marketing analyst in third. In recent years, the information technology sector has attracted human resources in good numbers. This is related to a marketing campaign that focused on the 'collective well-being' of workers in the sector, combined with promising remuneration.

It is true that oil companies often pay above average salaries, and this can be seen as an incentive for individuals. However, the financial industry remains difficult to compete with in terms of salary levels, and now information technology is on track to catch the best talent available in the employment market.

For some employees in the energy sector, a good salary is not sufficiently appealing if there is not a clear mission and stability attached to an employment opportunity. It is probably time to change the marketing strategy with a message that reaches out to different needs.

HR vis-à-vis motivation

It is one thing to attract sufficient human resources and a totally different thing to keep fostering career growth. Lack of motivation has been linked to the shortage of qualified workers, an issue that the Society of Petroleum Engineers (SPE) has brought attention to at different summits. Some case studies have suggested that employees find that the development of their careers becomes unclear over time. Also, the absence of recognition or feedback from top management during final decision-making processes can affect the once enthusiastic view of a particular company or organization. Other elements also play a role in the demotivation process.

Workers for oil companies in countries with high taxation see their relatively high salaries decompensated by the expenses they have to incur living there. In Norway, for instance, to make things more attractive to prospective employees, companies have started to introduce special packages and social benefits, such as in-house gym facilities, cabins, sports activities, entertainment and networking opportunities. Companies are increasingly recruiting from abroad, or outsourcing large engineering packages in countries like Poland or India.

Likewise, oil-producing countries with an urban infrastructure that does not meet the average standards of safety for family recreation also cause demotivation, even if the salary compensation is really high.

In summary, any feasible benefit that can be used to motivate individuals to work in the oil sector should be analyzed in a comprehensive way and used as part of a mutual strategic communication — that is to say, something that is good for both sides.

During a speech about energy and oil production, former US President Jimmy Carter once stated: "We must look back into history to understand our energy problem. Twice in the last several hundred years there has been a transition in the way people use energy."

One involved the change from wood to coal and the next the growing use of oil and natural gas. Probably, one could think in terms of a third transition in the energy sector, one that would take into account the consolidation of a workforce — a motivated workforce that is able to ensure that the high demand for oil is met efficiently in the years ahead.

If there is some truth in the interpretation of the law of attraction, inspiration would be something to redefine within the oil industry in the event of a critical manpower shortage. The future of oil is complex. There are so many challenges to consider — the effect of technology on supply and demand (in which human resources with talent are central), the impact of the financial crisis, the changes in the population structure, and the need for good communication between corporations and communities ... these are just some of the facets that the industry will have to deal with going forward.

Many of these issues are clouded in uncertainty, but one thing is certain — if the industry is to progress and prosper in an orderly and efficient manner, more workers are needed!

Images unless otherwise credited courtesy of the Stockholm School of Entrepreneurship.

Sowing the seeds for an oil-backed currency — Part 2

Previously unfeasible, an oil-backed currency could well not only be an increasingly likely outcome of these turbulent times, but may even be desirable.

*In Part 1 of this two-part series of articles (OPEC Bulletin February/March 2013), Technical Analyst, **Ben Turney**, began to explore the possibility of an oil-backed currency. By looking at recent developments in American fiscal and monetary policy, he identified the prevailing trends, which could well be creating the conditions for a sweeping overhaul of the system governing international trade and finance. Subsequent events in Cyprus have only served to reinforce the view that the monetary rules, as we know them, are being subjected to radical change.*

Now, in Part 2, he assesses the burgeoning levels of debt across the major OECD nations. These represent significant fault lines running through encumbered economies and, so far, there is little sign that their ultimate resolution will be anything other than traumatic. Again, consider Cyprus. Although the United States' debt burden is not the most acute, it is growing alarmingly. Thorough investigation of the numbers involved points to the likely dramatic impact this will ultimately have on the US dollar as both the world's reserve currency and the pricing mechanism for oil.

Too much debt

Before imagining what the future might bring, a practical first step would be to examine what we know about the present.

The statistical data of the ever-increasing debt-burden in many OECD nations is widely available. For too long, the mirage of growth was sustained by cheap credit. This illusion created a sense of complacency that persists today.

Years of debt-driven growth have left the US, the European Union, Japan and Great Britain with structural deficits in public finances, over-leveraged corporations and over-indebted consumers. Put simply, too many members of these societies have borrowed too much, and all members of these societies are liable.

Even German and Japanese consumers, who are paragons of borrowing virtue when compared with their Anglo-Saxon counterparts, have been made accountable for their European partners' over-spending in the case of the former and their government and financial sector's profligacy in the case of the latter.

The financially responsible cannot escape the repercussions of the debt-boom. Savers are now penalised in the low interest rate environment and those parts of the economy which are producing face a future of substantially higher taxation to cover the costs that have already been incurred on their behalf. These problems have only worsened as recession was followed by anaemic recovery, followed by more recession.

So what about the numbers?

Typically most attention is paid to the national debt/GDP ratio. The Japanese ratio is famously the worst at ›230 per cent. For any other nation this would be a level of peak crisis, but it is a reflection of the times (and possibly tacit admission that the problem has just become too big to cope with) that this figure doesn't cause more concern.

However, even analysis of national debt/GDP ratios misses the true extent of the debt crisis. Economies don't operate in isolation, nor do their constituent parts. An economy is the sum of all its parts, so it makes sense, when assessing overall liabilities, to look at what all the different parts owe. The total debt/GDP ratio is an attempt to capture all the money owed by the government, corporations and households of an individual country.

In January 2012, the McKinsey Global Institute released a study estimating the following total debt/GDP ratios:

— Japan 512 per cent;
— Great Britain 507 per cent;
— France 346 per cent; Germany 278 per cent;
— Portugal 356 per cent; Ireland 663 per cent; Italy 314 per cent; Greece 267 per cent; Spain 363 per cent;
— US 279 per cent (although this does not include Asset Backed Securities; including these took the figure to 350–360 per cent).

Of course, these figures are now out of date, but they illustrate the scale of the task each of these economies faces in repaying the money they owe. Remember, in the last 12 months there have been further global rounds of quantitative easing, the US has reached its deficit ceiling and the only really notable event of deleveraging was the write-down forced on various Greek bondholders.

While a liquidity crisis may have been averted, the increasing weight of debt cannot be ignored.

The scale of the US debt problem

Although the problem of increasing, excessive debt is shared across the Eurozone, Japan, Great Britain and the US, it is the vast amount denominated in US dollars that is most relevant to this piece.

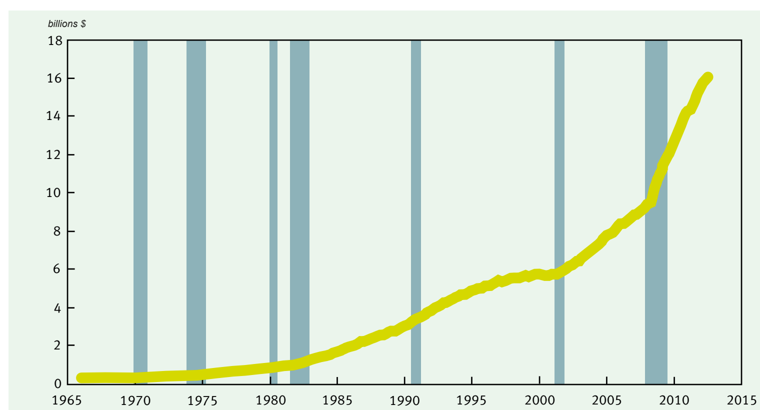
As the pricing instrument for oil and thanks to its position as the world's primary reserve currency, what happens to the US dollar will likely be the determining factor in allowing the establishment of any oil-backed currency.

What happens to the US dollar is likely to be determined by what happens to the debt the US owes.

The following series of charts, which draw the latest figures from the Federal Reserve, speak volumes about the enormity of that nation's debt.

US federal cebt is currently about $16.2 trillion.

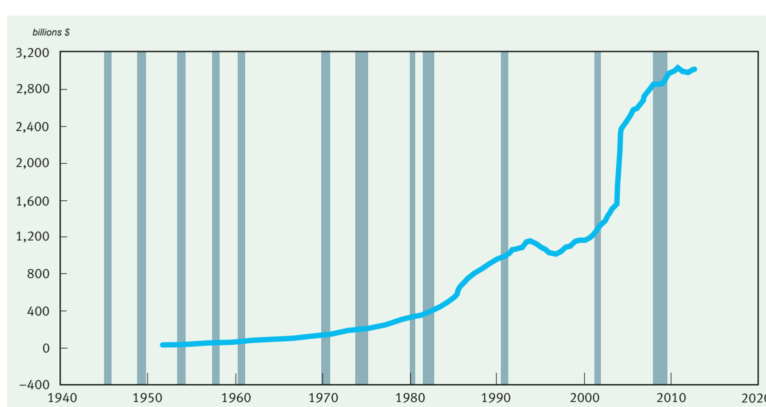
Federal debt: total public debt (GFDEBTN)



Source: http://research.stlouisfed.org/fred2/series/GFDEBTN/.

US states and the local government sector owe $3tr.

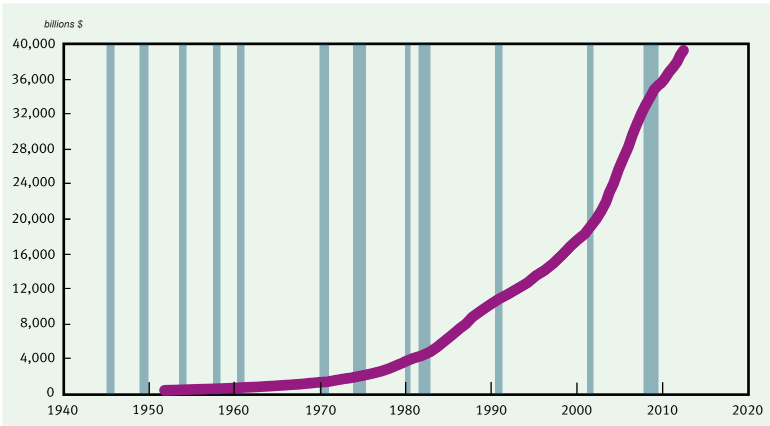
Debt outstanding domestic non-financial sectors — state and local government sectors (SLGSDODNS)



Source: http://research.stlouisfed.org/fred2/series/SLGSDODNS.

US consumers and non-financial corporations owe $39.3tr.

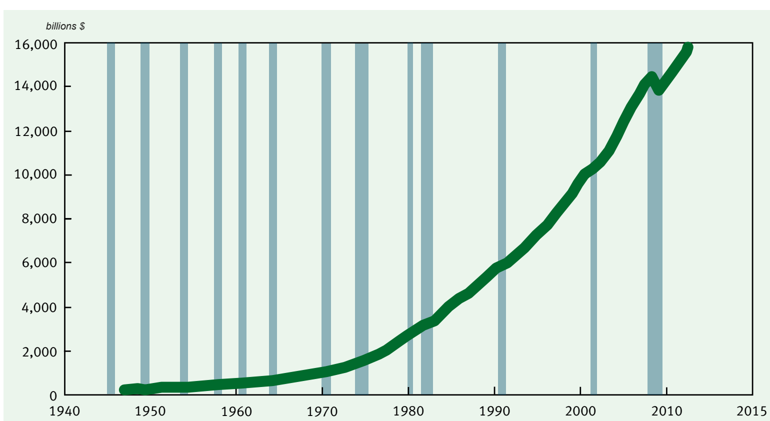
Debt outstanding domestic non-financial sectors — total domestic non-financial sectors (TODNS)



Source: http://research.stlouisfed.org/fred2/series/TODNS?cid=32256.

Taken together, these three figures total $58.5tr.
American GDP is about $15.8tr.

Gross domestic product, 1 decimal (GDP)



Source: http://research.stlouisfed.org/fred2/series/GDP/.

Shaded areas in all graphs indicate US recessions. 2012 research.stlouisfed.org.

The aggregate total of the three debt pools is 370 per cent of the US GDP.

The acceleration in debt accumulation since 2001 is clear to see. What is also clear to see is that this did not lead to an accompanying acceleration of GDP growth.

Successful borrowing should yield the borrower a greater return than the price they pay the lender. As simple as this may sound, this basic principle appears not to have been followed. Instead the charts are strongly suggestive that excessive revenue expenditure has been covered by excessive borrowing. When American corporations and consumers stumbled during the Great Recession, the federal government stepped in and substantially increased its borrowing.

And this is not all.

These charts do not include the $13.8tr owed by domestic financial institutions, nor other real liabilities such as the off-balance sheet items from the banking bailouts, Medicare or commitments to other social entitlement programmes.

In financial markets, exponential growth curves rarely end well. There is little to suggest this time will be different.

Publicly, the majority of policymakers, politicians and commentators maintain that the US economy is robust enough to cope with the levels of debt it has incurred. Certainly it is true that the US benefits from the legacy of being the dominant economic force over the last 100 years. It is also true in terms of total debt/GDP ratios that the US case is by no means the most severe. This is a global problem.

The addictive nature of debt

What this line of argument fails to account for is the addictive nature of debt instruments.

It is no coincidence that the charts listed steepen after the 1970s. Remember that President Nixon closed the Gold Window in 1971 and the Fiat system of floating currencies was introduced soon after. Money metamorphosed from being physically asset-backed to the intangible promises we have today. As the custodians of currency, central banks were now in charge of setting the rules of the game.

Throughout the 1980s and 1990s, greater liberalisation of financial markets was embraced. By the turn of the century, the Federal Reserve had grown much bolder in its initiatives to "support growth". Its answer was the free provision of cheap credit, through low interest rates and minimal regulation.

It is widely recognized that these twin policies fostered the environment that created sub-prime mortgages and gave birth to the credit crisis. However, what is less spoken about is the level of expectation these policies have set in regard to spending practices. In what could be the most damaging of the unintended consequences of monetary policy over the last two decades, it has convinced too many people to spend today, for tomorrow will never come.

It became too easy to mortgage the future to cover

expenses in the present, so in what should not come as a surprise to anyone, people borrowed and people spent. The more governments, corporations and consumers engaged in debt-funded spending, the more routine this behaviour became and therefore the more acceptable.

Debt levels crept up initially, then leapt up.

Now, excluding the financial sector, the US owes more than three-and-a-half times its annual economic output — and this figure is growing. While there is evidence of deleveraging (within the finance industry and among consumers especially) the pace of this is both slow and counter-balanced by the increase in federal deficit spending. Overall, the total debt burden continues to increase.

The figures are staggering and the likely consequences for the US dollar clear.

Path to default?

The US debt burden is great, but this is not the most serious problem.

It is the dependence of the US economy on more debt that poses the greatest danger. Numbers cannot be argued with and, in this matter, they tell a clear-cut story. The more the debt grows, the greater the servicing costs become. It will take some time, but unless an alternative path to sustainable spending is found, there will come a point when servicing the debt becomes unbearable.

As much as this next point is one of the great taboos in economics, there is an increasing probability that the US is heading towards a default of some kind. From a relatively small-scale restructuring to an outright failure to repay, any such event would rightly shake the presumptive foundations of international trade.

Just because it has not happened before, does not mean it cannot happen.

The political system appears unwilling, or unable, to deliver much-needed reforms to rebalance the economy and allow a genuine return to growth. Even though they were complicit in creating the conditions that caused this crisis, central bankers are left with a series of impossible choices and, at best, appear resigned to policies of containment. In the interim, the economy will almost certainly remain listless, while accumulating more debt.

Actions by the Federal Reserve have done little to dispel this fear.

As the custodian of the US dollar, the Federal Reserve is responsible for shaping the world's primary reserve currency. Although this role has been bestowed upon it, it must be remembered this is not what the Federal Reserve exists for. The Reserve exists to protect US interests.

This has led to an increasing disconnect between the policies of the Federal Reserve (which have weakened the US dollar) and the requirement for a stable, global reserve currency. This conflict of interest is likely to become a more pressing concern in the coming years.

Loose monetary policy sowed the seeds for the exponential growth in debt and monetary policy will probably be held accountable for creating the looming crisis. If this leads to default, it is hardly credible that those who are forced to suffer losses will advocate a continuation of the system that has failed so drastically.

Money is now a product of rules and regulations, so it is imperative these rules and regulations deliver consistent results to the benefit of all holders.

If the rules are changed to benefit one group (the debtors) over another (the lenders) then the system can no longer be relied on to be impartial or fair. Considering that a successful monetary system requires both these characteristics, it is not fanciful to imagine a search for better alternatives.

This opens the door to an oil-backed currency.

A new future for currencies and the opportunity for oil-producing nations

If we ever reach a point where the unthinkable (and inevitable?) happens, the US defaults and the dollar is rejected as the world's primary reserve currency, much will depend on the wider reaction. However, this could also provide the oil-producing nations with an unprecedented opportunity to exert their influence over international trade.

On its own, it is unlikely that an oil-backed currency could achieve the scale necessary to serve as a replacement of the US dollar. But, of course, this is assuming that the future requires a single reserve currency.

The argument that a single reserve currency provides planners with convenience only holds up when this currency is not causing the erosion of their wealth. Perhaps there will be a realisation that the concentration of so much economic power in one place creates systemic imbalance in itself. The logical reaction to this will be to attempt to distribute this power.

If there is an associated loss of faith in the ability of policymakers to oversee the implementation and management of effective rules governing a monetary system, then asset-backed currencies could prove to be irresistibly appealing.

Of course, it could be many years before any of this comes to pass, if it even comes to pass at all. Even so, this scenario is by no means implausible. At the very least, oil-producing nations should consider the possibility that one day the world will look to their reserves to help provide some stability to an increasingly unreliable and tumultuous financial system.

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

This page is dedicated to capturing those visits in pictures.

David Gordon Stuart, Ambassador of Australia to Austria, visited Abdalla Salem El-Badri, OPEC Secretary General, on March 11, 2013.

Gulmirza Javadov, Director of the Vienna-based Representative Office of the State Oil Company of the Republic of Azerbaijan, SOCAR, visited Abdalla Salem El-Badri, OPEC Secretary General, on April 9, 2013.

Students and professional groups wanting to know more about OPEC visit the Secretariat regularly, in order to receive briefings from the Public Relations and Information Department (PRID). In some cases, PRID visits schools to give them briefings on the Organization and the oil industry. Here we present some snapshots of such visits.

Visits

Bachelor students from the University of Tilburg, Holland, visited OPEC on March 25, 2013.

IMF course students from the Joint Vienna Institute, learned about OPEC during their visit on April 10, 2013.

The Italian Society for the International Organization (MSOI), Torino, visited OPEC on April 11, 2013.

Students from the Colgate University, Hamilton, New York, paid a visit to OPEC on April 26, 2013.

Research Division Director completes term at OPEC

Abdalla Salem El-Badri (l), OPEC Secretary General, presenting a plaque to Dr Hasan M Qabazard.

The Head of OPEC's Research Division, **Dr Hasan M Qabazard**, has left the Organization after completing his seven-year term of office.

Qabazard, from Kuwait, who took up the position at the Organization's Secretariat in Vienna, Austria, in March 2006, was honoured at a leaving celebration attended by OPEC Secretary General, Abdalla Salem El-Badri, and Secretariat colleagues.

He came to OPEC from the Petroleum Research and Studies Centre of the Kuwait Institute for Scientific Research (KISR), a centre he helped to found and where he was a Director.

Born in Kuwait in August 1955, Qabazard, who studied in the United States, attained a BSc in Chemical Engineering in March 1979, an MSc in the same subject (Catalysis in Refining and Heavy Fuels) in December 1986 and a PhD (Modelling of Refining Processes) in May 1990.

His working career began in May 1979 with the Petrochemicals Industries Company in Shuaiba, Kuwait, where he was a Process Engineer. Later that year, he took up the same position with the Kuwait Oil Company (KOC).

In January 1982, Qabazard was appointed Deputy Managing Director of the Arabian Light Metals Company and in November that year became a Research Associate in KISR's Petroleum, Petrochemicals and Materials Division. Two years later, he took up the same position in the Department of Chemical Engineering at Oklahoma State University.

Four years later, he was appointed Consultant with the Phillips Petroleum Company in Oklahoma and, in May 1990, became Associate Research Scientist at KISR, helping to rebuild the Institute's petroleum research activities.

Two years later, Qabazard was appointed Manager of KISR's Petroleum Technology Department, Petroleum, Petrochemicals and Materials Division.

In September 1998, he became Consultant for Strategic and Business Planning at the Kuwait Catalyst Company before moving back to KISR in January 2001to help set up the Petroleum Research and Studies Centre.

IT Development Coordinator

Job dimensions:
Within the Research Division, the Data Services Department collects, retrieves and provides statistical data as support to the research and analytical studies in the other RD Departments and other activities of the Secretariat. The Department also develops up-to-date IT applications and database systems, and provides specialized relevant documents and references. The Department thus has the responsibility of a central, timely provider of reliable up-to-date data, documentation and information pertaining to oil markets in particular and energy markets and related issues in general, as well as rendering IT development services.

Objective of position:
The IT Development Coordinator supervises the IT Development Group and its Staff, delegates and coordinates tasks, and ensures effective teamwork. Further, he/she ensures reliability and availability of the OPEC Database, the OPEC Intranet and related applications.

Main responsibilities:
1. Plans, develops, organizes, coordinates, and supervises the activities of the IT Development Group.
2. Carries out system analysis and feasibility studies for new applications.
3. Determines system specification and provides outlines for system design.
4. Develops standard procedures for implementation of new systems and provides guidelines for system development and standard system development procedures.
5. Develops new applications and provides reviews on related technology.
6. Provides reviews and analysis on various subjects and carries out other assignments as required.
7. Provides user support.
8. Administers and provides software packages, licenses, and subscriptions of data publications.

Required competencies and qualifications:
- University degree (advanced degree preferred) in Computer Science, Information Technology or other subjects related to Information Technology
- A minimum of ten years (eight years in case of an advanced degree)
- Training/specialization: System Analysis and Design, Relational Database, System Thinking, Feasibility Studies/ Information Architecture/ Document and Records Management Systems/ Web Content Management (CMS) Systems/ Web Technologies/ Oracle RDBMS/ Modelling/ Energy & Oil Statistics/ Energy Information System/ Familiarity with a variety of software packages
- Competencies: Managerial & leadership skills, communication skills, analytical skills, presentation skills, interpersonal skills, customer service orientation, team-building skills, initiative and integrity
- Language: English

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

The post is at grade E reporting to the Head of Data Services Department. The compensation package, including expatriate benefits, is commensurate with the level of the post.

Applications:
Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years. Applicants are requested to fill in a résumé and an application form which can be received from their Country's Governor for OPEC. In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **May 31, 2013** — job code: 3.3.01 *(see www.opec.org — Employment).*

Venezuela elects Maduro to succeed Chávez

Nicolas Maduro Moros seen holding a portrait of the late Hugo Chávez Frías during a rally, days before the election.

In an extremely tight race, Nicolás Maduro Moros, was elected President of the Bolivarian Republic of Venezuela on April 14, taking a slim 50.7 per cent majority of the vote. His challenger, 40-year-old Henrique Capriles, gained just over 49 per cent of the vote. Inthe lead-up to the elections, Maduro had been serving as President in charge of the Republic following the death of Hugo Chávez Frías from cancer in early March.

Though Capriles requested a recount after the results were announced, claiming there were incidents related to polling, the National Electoral Council said the vote was legitimate and "irreversible".

The election results were announced by the Council shortly after 23:00 local time, sparking off a series of celebrations across the capital, Caracas, where jubilant supporters launched fireworks and sounded their car horns.

Outside the Presidential Palace, Maduro, clad in the colours of the Venezuelan flag, gave a stirring victory speech and was joined on stage afterwards by his wife Celia Flores. Maduro's main message was to reassure his supporters that the results were "just, legal and constitutional."

Chavez's right-hand man

During his presidency, and particularly during his illness, Chávez placed complete trust in Maduro, who had previously served as his Vice President and Foreign Minister.

Nicolás Maduro Moros, seen at his swearing-in ceremony.

“He is a complete revolutionary, a man of great experience despite his youth, with great dedication and capacity for work, for leading, for handling the most difficult situations,” Chávez declared at the time of succession.

Maduro was also the one to announce to the country the death of their leader and, three days later, presided over his funeral.

Humble beginnings

Nicolás Maduro Moros was born on November 23, 1962, in Caracas and is the son of a union leader. He attended Liceo José Ávalos, a public high school in El Valle, a working-class neighbourhood at the western edge of the city. After his schooling, he worked as a bus driver for several years, eventually becoming a trade unionist representing the city’s bus drivers.

Rise to political prominence

Maduro entered politics in the 1980s, working as a bodyguard for José Vincente Rangel during his unsuccessful bid to become President during the 1983 presidential campaign. Later, Rangel went on to support Chávez for President and served as his Vice President from 2002 to 2007.

In the 1990s, Maduro became a key player in the establishment of the Movement of the Fifth Republic, which supported Hugo Chávez for President and eventually helped him get elected in 1998.

The time was right for Maduro’s political career to take off, which it did. He was elected to represent the capital district in the Chamber of Deputies in 1998, in the National Constituent Assembly in 1999 and then in the National Assembly in 2000. From 2005 to 2006, he served as Speaker of the National Assembly. In 2006, Chávez appointed Maduro as his Minister of Foreign Affairs. He served in that capacity for more than six years before being promoted in October 2012 to become Chávez’s second in command as Vice President.

Henrique Capriles, who finished a close second to Maduro in the election race.

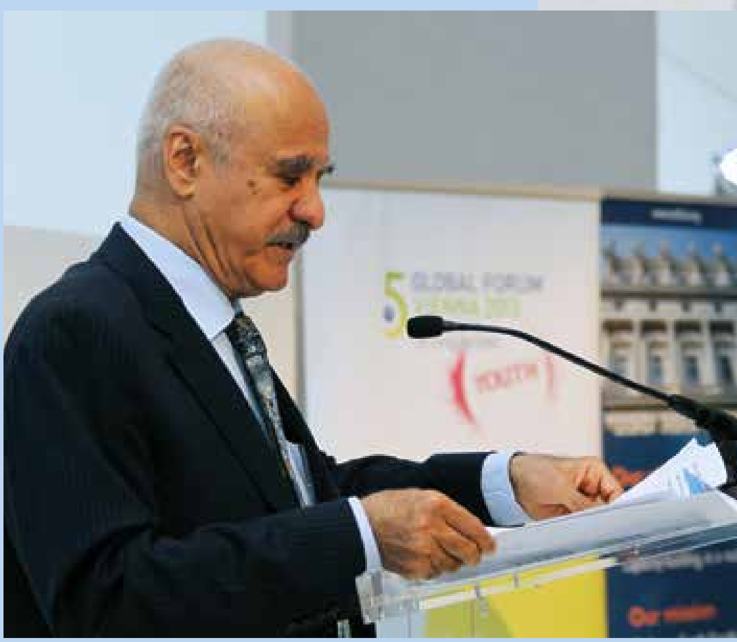
Passing the mantle

In December 2012, Chávez expressed his firm confidence in Maduro to lead Venezuela into the future in case his health continued to decline.

He said: “My firm opinion, as clear as the full moon — irrevocable, absolute, total — is that you elect Nicolás Maduro as President. I ask this of you from my heart. He is one of the young leaders with the greatest ability to continue, if I cannot.”

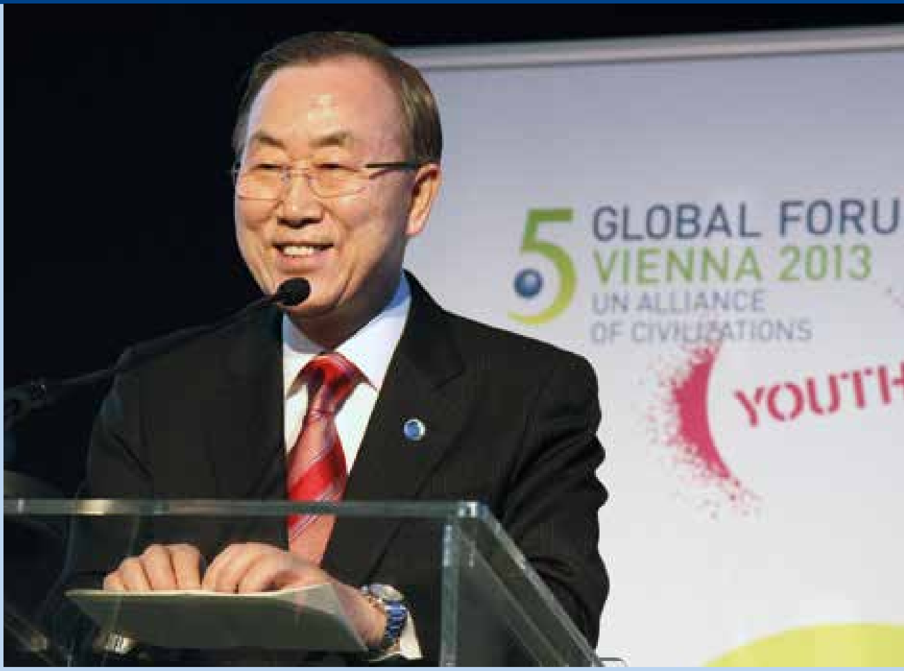
Maduro was sworn in as President on April 19 and will serve a six-year term until 2019. It is the term Chávez was scheduled to have begun in January this year.

Alliance of the willing



Suleiman J Al-Herbish, Director-General of the OPEC Fund for International Development (OFID), speaking at the Youth Event, which preceded the 5th Global Forum of the UN Alliance of Civilizations.

*In 2005, while some scholars continued to argue over Samuel P. Huntington's 1992 thesis of a "clash of civilizations", Spain and Turkey, under the aegis of the United Nations, formed an "Alliance of Civilizations". The purpose of this new global initiative was to find ways to work toward greater peace and understanding. This year, the Alliance held its 5th Global Forum in Vienna. The three-day event was attended by many dignitaries and leaders, including the Director-General of the OPEC Fund for International Development (OFID), **Suleiman J Al-Herbish**. The* **OPEC Bulletin's** ***Alvino-Mario Fantini*** *reports.*



Ban Ki-moon, UN Secretary-General, addresses the audience at the Youth Event.

The 5th Global Forum

From February 26–28 this year, the Imperial Hofburg Palace — which has served as a venue for many international conferences over the years — was the site of the 5th Global Forum of the United Nations Alliance of Civilizations.

When I first registered for the Forum, which this year focused on *Responsible Leadership in Diversity and Dialogue,* a theme that resounded with me, being a staff member of OPEC, whose diversity and dialogue are very important to what we do and who we are, I wasn't quite sure what to expect from such a lofty-sounding event. The extensive on-line materials available at the Forum's website certainly described a lot of content — almost too much for such a short conference.

The topics ranged from immigration and global economic mobility, to civic unrest, racism and the right of freedom of expression, to cross-cultural education, interculturalism and inter-religious dialogue. Participants, the materials said, would discuss, debate and consider these and other topics during plenary sessions, as well as during various scheduled break-out and working sessions.

In addition, I admit that I didn't know much about the purpose of the Global Forum — or, more importantly perhaps, about the exact nature and mission of the sponsoring organization behind it: the UN Alliance of Civilization. While I had been hearing more and more about the Alliance over the years, until the Global Forum, I had remained pretty much in the dark about its activities.

The Alliance of Civilizations

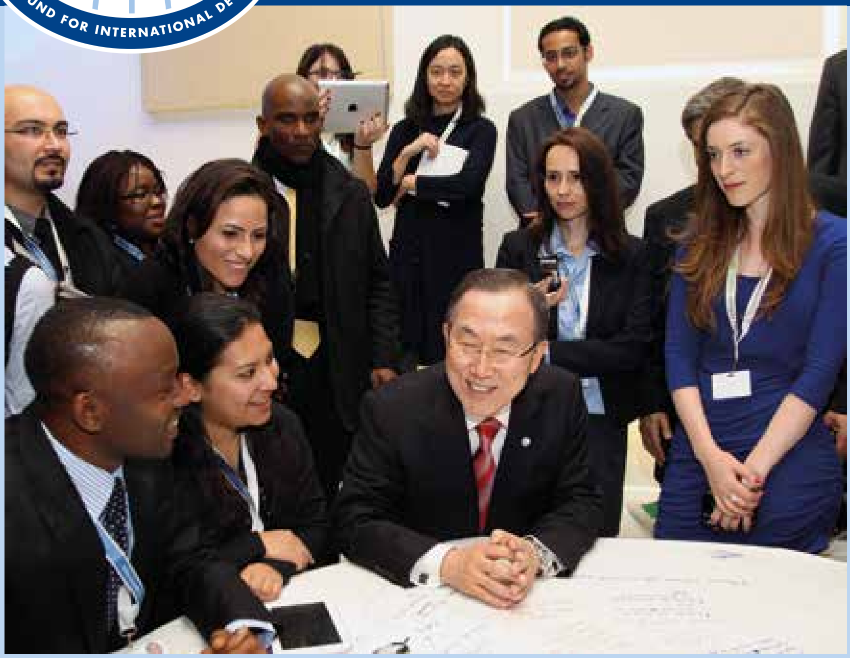
The Alliance of Civilizations was started in 2005 by the then-Prime Ministers of Spain and Turkey, under the leadership of former UN Secretary-General, Kofi Annan. In 2006, Ban Ki-moon, Annan's successor, appointed the former President of Portugal, Jorge Sampaio, to serve as the Alliance's first High Representative. (This year, Nassir Abdulaziz Al-Nasser succeeded Sampaio as High Representative). Today, in addition to its two original founding member states, the Alliance also counts with the support of a "Group of Friends", which includes 136 states and international organizations that have expressed interest in supporting its broad mission.

From the very beginning, the Alliance was conceived as an effort to create a "collective political will" that might be channeled to mobilize action to improve cross-cultural understanding and promote cooperation among the diverse people and communities of the world. The operative word seems to be "cross-cultural" since the Alliance reaches out specifically to different cultural and "civilizational traditions", in an attempt to bridge the gap between the Western and Muslim societies. In this sense, respect for "the other" — as well as tolerance of difference and understanding of the world's different beliefs, customs and traditions — are all at the very heart of the Alliance and its activities.

In the long-term, the UN Alliance of Civilizations looks toward the achievement of a broad, global culture of peace, based on, according to the UN Development Declaration, the belief that "differences within and between societies be neither feared nor repressed, but cherished as a precious asset of humanity."

Among the Alliance's various activities, the Global Forum is the highest-profile event that they organize. In previous years, they have been held

All photographs courtesy of the Austrian Federal Ministry for European and International Affairs and the UN Alliance of Civilizations.



Ban Ki-moon, UN Secretary-General, speaking to youth participants of the 5th Global Forum.

in Madrid, Spain (2008), Istanbul, Turkey (2009), Rio De Janeiro, Brazil (2010) and Doha, Qatar (2011). Each of these has been well-attended, with academics, policy-makers, students and practitioners producing the requisite "declarations" and statements at their conclusion.

With this year's Global Forum taking place in Vienna, there was no reason for a journalist interested in foreign languages, cultures and the policy challenges of an increasingly interlinked world to miss such a stimulating and potentially rewarding event.

High-level speakers

Before setting out for the Hofburg for the first day, which comprised a "Youth Event" preceding the Forum (and sponsored by OFID), a quick glance at the list of speakers and moderators indicated that this would be a very high-level event. The list of foreign dignitaries was impressive — with people such as the Prime Minister of Turkey, Recep Tayyip Erdoğan, UN Secretary-General, Ban Ki-moon, Hamad Bin Khalifa Al Thani, the Emir of the State of Qatar, Traian Basescu, the President of Romania, Michael Temer, the Vice-President of Brazil, Ekmeleddin Ihsanoglu, the Secretary-General of the Organization of Islamic Cooperation, and Irina Bokova, the Director-General of the United Nations Educational, Scientific and Cultural Organization (UNESCO).

In addition, numerous other local dignitaries were listed as participants — such as Austrian President Heinz Fischer, Austria's Federal Minister for European and International Affairs, Michael Spindelegger, and Suleiman J Al-Herbish, Director-General of the OPEC Fund for International Development (OFID).

Despite the impressive line-up and the sheer range of topics to be discussed, I set out confidently, cheerfully, intrigued by the Alliance of Civilizations and its people, curious about the many different topics to be discussed, and eager to listen to global leaders and talk to participants from around the world.

During the official opening on the first day, there were nine main speeches. While each speech of course had its own emphasis, the common themes were ensuring that the "fertile ground of diversity" is protected, making efforts to "de-escalate regional conflicts" through the promotion of dialogue, working harder toward identifying the "close ethical principles" among the world's major religions, and learning to see diversity as a societal strength, not a weakness. All this, it was said, pointed to the "necessity of mutual respect" for the development of a pluralistic, tolerant, democratic society in which the rule of law and economic development can truly flourish.

As I listened to these keynote speeches with their noble ideals (and occasional buzzwords), it occurred to me that, in aggregate, they served as an example of how, despite numerous ethnic, religious and political differences, we can find commonalities and shared objectives. There is, after all, something "greater than ourselves" that lies beyond our narrow human understanding of the world. And helping each other to attain it — and achieve human flourishing — seems to be a very admirable thing to do.

An important youth statement

One of the keynote speeches that spoke to some of these themes was given at the Youth Event on the first day by the Director-General of OFID, Suleiman J Al-Herbish. Having

L–r: Michael Spindelegger, Austrian Minister for European and International Affairs, with Hamad Bin Khalifa Al Thani, the Emir of the State of Qatar, and his wife Sheikha Mozah.

Hamad Bin Khalifa Al Thani, the Emir of the State of Qatar, addressing a plenary session at the 5th Global Forum of the UN Alliance of Civilizations.

interviewed him before, I knew well that Al-Herbish would deliver a message to youths that would be clear and energetic. In fact, he exhorted participants to do more about the scourge of poverty, opening with the challenging question: "How can we expect dialogue among nations to flourish, when the basic human requirements of developing countries continue to be ignored?"

Al-Herbish then offered three specific dimensions of poverty which young people might try to put on the agenda of the Global Forum and the international community as priority areas — with the hope that collective actions may be taken to achieve real, lasting positive changes in the lives of the world's poor.

First, he spoke of the need for youths attending the 5th Global Forum to call for "better education, more knowledge-sharing and greater innovation" with the aim of reducing youth unemployment, a principal contributor to poverty. It is only educated people that can lead the way in meeting the challenges of poverty and development, he said.

Second, building on UNESCO's own 2011 "Declaration on Cultural Diversity", Al-Herbish spoke of the need to demand the "inclusion of cultural diversity in the global sustainable development agenda." Culture, which is too often ignored, has to be a pillar of sustainable development, he said. "There is no doubt in my mind that respecting the diversity of culture could help address specific aspects of development."

Third, Al-Herbish spoke of the need to really take the problem of energy poverty more seriously. He urged young people to "call upon the [Global] Forum to support the inclusion of universal access to modern energy services" in its agenda. Energy, in fact, is a prerequisite of the other eight Millennium Development Goals (MDGs) long promoted by the UN, he said, as it "affects all aspects of development."

In fact, with 1.3 billion people without energy access, and 2.5 billion people relying on biomass fuel for their energy needs, energy poverty requires urgent attention, he stressed. OFID itself has committed $1 billion to alleviate energy poverty in poor countries; but much more needs to be done by the international community.

In his conclusion, Al-Herbish invoked one of the themes of the Global Forum — "responsible leadership" — and said: "Let's remember the millions of people across the globe without access to energy, food, education, healthcare, clean water, and many other basic requirements we take for granted. ... Improving the quality of life of these people will have to be at the heart of any responsible leadership."

Nassir Abdulaziz Al-Nasser (r), UN High Representative of the Alliance of Civilizations, with Michael Spindelegger, Austrian Minister for European and International Affairs.

The sea of humanity

Responsible leadership — and diversity — were on the minds of participants throughout the Youth Event and the Global Forum. Attendance during the three days was very high, with the main Hofburg conference area packed and security outside tight. As I walked around, I recognized people from different international organizations and embassies; I saw friends and contacts from various media outlets; I ran into former colleagues from OPEC and greeted other more recent acquaintances from OFID.

Among the audience and the registered participants, there were also people from different religious traditions; at times, I recognized their vestments. During visits to the break room, I heard languages that I recognized immediately from my travels in Asia, Latin America, North Africa and the Middle East; at other times, I heard discussions in tongues I had never heard before. In short, I was enthralled by the great, diverse sea of humanity on display at the Hofburg.

Impromptu discussions

To my great amusement, I also ended up taking part in various impromptu discussions with strangers in the hallways and passageways of the Hofburg. Any topic seemed suitable for a discussion at the Forum and I found myself talking about sociology and world religions, indigenous medical customs in the Andes, the lost accents and disappearing dialects of North America, the origins of Esperanto and other utopian languages, and the impact and use of social media for political and social purposes. My mind reeled.

Other conversations focused on global media and entertainment and their effects on youth culture. During one session, I heard two people discuss the impact of globalization on traditional folkways and customs — and what might be proper responses to the challenges it represents. And, toward the end of one session, I was delighted to meet someone who had, years ago, worked with my father on intercultural communications research.

The concern of empires

These discussions, as well as the speeches and declarations at the other sessions, made the 5th Global Forum edifying, inspiring, stimulating. During those heady three days, I had some time to reflect on the discussions. And as I did so, it occurred to me that many people today tend to think that respect for "diversity" and respect for "difference" as solely modern, contemporary concerns. The truth is, however, that these cross-cultural issues were also of concern to the large, continent-straddling Empires of old — including Roman, Ottoman and Austro-Hungarian.

Youth participants during a working session at the 5th Global Forum.

The geographic extent of such empires, and the political yoke under which their subjects far and wide lived, required a certain degree of flexibility, tolerance and respect for human diversity of their rulers. The need for such values today was precisely the underlying theme of the Global Forum — and seemed to aptly capture the spirit of the UN's Alliance of Civilizations today.

There was, to be sure, a lot more to ponder during the Forum's few short days. And, in some ways, the event left me with more questions than answers. But while I am now eager to read more about the challenges of diversity, intercultural communications, cross-cultural dialogue, and rise and fall of civilizations, I am also quite pleased that there is a "mechanism" for such dialogue to take place.

I know not what the fruits of such a mechanism may be in the future, or whether they will be effective in achieving the peace that we all want as part of a common humanity; but I do think that as long as people are talking, sharing ideas, expressing themselves through spoken and written words, and findings ways to turn those words into actions, then things cannot be as dire as some people think. And an alliance of willing people may be just what we need.

The Hofburg Palace

The Hofburg Palace has served as the seat of government for rulers, kings and emperors since the 13th century. From 1438 to 1583 and from 1612 to 1806, the Hofburg Palace served as the seat of the Holy Roman Emperor. It later became the seat of the Emperor of Austria until, of course, the demise of the Empire in 1918. Today, it serves as the official seat of the Austrian Federal President.

Over the years, the various buildings that make up the Hofburg Palace were built up, expanded, modified and modernized. Many architects have worked on it, including the Italian architect and engineer Filiberto Luchese; and fellow countrymen Lodovico Burnacini, and Martino and Domenico Carlone. In addition, the famous Baroque architects, Lukas von Hildebrandt, Joseph Emanuel Fischer von Erlach and Johann Fischer von Erlach, all worked on the buildings between the 19th and 20th centuries.

Today, the Hofburg is a multifaceted complex which includes the old Royal Chapel, various residential areas, several museums, the Imperial library, the treasury, the Spanish riding school (and its associated horse stables) and a conference centre — where the Global Forum of the UN's Alliance of Civilizations was held.

The European builders of this majestic building over the centuries certainly could never have foreseen that their beautiful construction would someday be the site of a gathering of people from across ethnic and racial groups, of different religious and ethical beliefs, and from around the world. There is, some might say, a poignant irony in the fact that the former seat of the Imperial House of Habsburg, its fate was so closely intertwined with traditional European civilization for so many centuries, could now serve as a meeting-place for Europeans and non-Europeans alike.

Then again, the Austrian-Hungarian Empire itself was marked by broad differences, and cultural and linguistic diversity. So perhaps there could be no better place to hold the 5th Global Forum of the UN's Alliance of Civilizations.

Forthcoming events

8th Annual asset integrity management summit, May 12–15, 2013, Muscat, Oman. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.iqpc.co.uk.

10th Annual advanced contract risk management summit, May 13–15, 2013, Houston, TX, USA. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.iqpc.co.uk.

Oil and gas capability summit, May 13–15, 2013, Houston, TX, USA. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.iqpc.co.uk.

17th Uzbekistan international oil and gas exhibition and conference, May 14–16, 2013, Tashkent, Uzbekistan. Details: ITE Group plc, Oil and Gas Division, 105 Salusbury Road, London NW6 6RG, UK. Tel: +44 207 596 5233; fax: +44 207 596 5106; e-mail: oilgas@ite-exhibitions.com; website: ite-exhibitions.com.

19th Latin upstream, May 15–17, 2013, Rio de Janeiro, Brazil. Details: Global Pacific Partners, Suite 7, 4 Montpelier Street, Knightsbridge, London SW7 1EE, UK. Tel: +44 207 589 7804; fax: +44 207 589 7814; e-mail: babette@glopac.com; website: www.petro21.com.

Drilling essential for non-drilling professionals, May 19–21, 2013, Doha, Qatar. Details: Details: dmg :: events Middle East Head Office, 5th Floor, The Palladium, Cluster C, Jumeirah Lakes Towers, PO Box 33817, Dubai, UAE. Tel: +971 4 438 03 55; fax: +971 4 438 03 61; e-mail: enquiry@dmgeventsme.com; website: www.dmgeventsme.com/wellcontrol/contactus.html.

13th World XTL summit, May 20–22, 2013, London, UK. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.thecwcgroup.com.

Turkmenistan gas congress, May 21–22, 2013, Ashgabat, Turkmenistan. Details: ITE Group plc, Oil and Gas Division, 105 Salusbury Road, London NW6 6RG, UK. Tel: +44 207 596 5233; fax: +44 207 596 5106; e-mail: oilgas@ite-exhibitions.com; website: ite-exhibitions.com.

World shale oil and gas: the European retreat, May 21–22, 2013, Bruges, Belgium. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.thecwcgroup.com.

CIS O&G summit 2013, May 21–23, 2013, Paris, France. Details: The Exchange Ltd, 5th Floor, 86 Hatton Garden, London EC1N 8QQ, UK. Tel: +44 207 067 1800; fax: +44 207 242 2673; e-mail: marketing@theenergyexchange.co.uk; website: www.theenergyexchange.co.uk.

Iraq energy, May 22–23, 2013, Abu Dhabi, UAE. Details: The Exchange Ltd, 5th Floor, 86 Hatton Garden, London EC1N 8QQ, UK. Tel: +44 207 067 1800; fax: +44 207 242 2673; e-mail: marketing@theenergyexchange.co.uk; website: www.theenergyexchange.co.uk.

Produced water management, May 22–23, 2013, Kuala Lumpur, Malaysia. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.iqpc.co.uk.

Offshore support vessel conference Brazil, May 23–24, 2013, Rio de Janeiro, Brazil. Details: IBC Global Conferences, The Bookings Department, Informa UK Ltd, PO Box 406, West Byfleet KT14 6WL, UK. Tel: +44 207 017 55 18; fax: +44 207 017 47 15; e-mail: energycustserv@informa.com; website: www.ibcenergy.com.

Energy infrastructure security summit, May 26–29, 2013, Abu Dhabi, UAE. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.iqpc.co.uk.

Solar desalination forum, May 26–29, 2013, Abu Dhabi, UAE. Details: IQPC Ltd, Anchor House, 15–19 Britten Street, London SW3 3QL, UK. Tel: +44 207 368 9300; fax: +44 207 368 9301; e-mail: enquire@iqpc.co.uk; website: www.iqpc.co.uk.

2nd annual tight oil reservoirs California 2013, May 29–30, 2013, Bakersfield, CA, USA. Details: London Business Conferences, First floor, 44–46 New Inn Yard, London EC2A 3EY, UK. Tel: +44 207 7033 4970; fax: +44 207 7749 0704; e-mail: info@london-business-conferences.co.uk; website: www.london-business-conferences.co.uk.

Drilling in ice-affected regions, May 29–30, 2013, London, UK. Details: IBC Global Conferences, The Bookings Department, Informa UK Ltd, PO Box 406, West Byfleet KT14 6WL, UK. Tel: +44 207 017 55 18; fax: +44 207 017 47 15; e-mail: energycustserv@informa.com; website: www.ibcenergy.com.

Utica and Marcellus NGL and gas markets 2013, May 29–30, 2013, Columbus, OH, USA. Details: London Business Conferences, First floor, 44–46 New Inn Yard, London EC2A 3EY, UK. Tel: +44 207 7033 4970; fax: +44 207 7749 0704; e-mail: info@london-business-conferences.co.uk; website: www.london-business-conferences.co.uk.

South-East European exhibition and congress energy efficiency and renewable energy, May 29–31, 2013, Sofia, Bulgaria. Details: ViaExpo Total Event Management, 3 Anton Chehov sq, Plovdiv 4003, Bulgaria. Tel/fax: +35 932 945 459, 960 011, 960 012; e-mail: office@viaexpo.comwebsite: www.eeandres.viaexpo.com/en/news/branch-news.

Solution to the PUZZLE PAGE *(p59)* of the OPEC Bulletin February/March 2013:

1.	Q	U	O	T	A				
2.	D	R	I	L	L				
3.	G	A	S	O	M	E	T	E	R
4.	V	I	E	N	N	A			
5.	C	R	U	D	E				
6.	D	E	L	I	V	E	R	Y	
7.	L	U	B	R	I	C	A	N	T
8.	E	F	F	L	U	E	N	T	

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Puzzle Page

The OPEC Bulletin welcomes you to its 'Puzzle page', where readers get the chance to test their knowledge of the petroleum industry in a variety of brain teasers, including word search puzzles and crosswords. Good luck!

Brain teaser

Below are some incomplete words in different boxes. What you are required to do is to fill in the blank spaces to make complete words. The clues to the puzzle are given below.

1. Rock resulting from salt water evaporation (9)

	V		P		R			E

2. Oil-producing materials in rocks (7)

	E		O			N

3. A sticky mixture of hydrocarbon from petroleum (7)

	I		U		E	

4. Remove impurities from crude petroleum (6)

	E		I		

5. Chemical containing hydrogen and carbon (11)

	Y		R		C		R			N

6. Break down into simpler compounds (8)

	R		C		I		G

7. Device that controls flow of petroleum products (6)

	A		V		

8. A volatile, flammable petroleum liquid (8)

	A		O		I		

US tight oil to again lead non-OPEC supply prospects in 2013

March 2013

United States oil supply in 2013 is again expected to achieve the highest growth among all non-OPEC producing countries, following on from its leading position in 2012.

According to the March issue of the OPEC *Monthly Oil Market Report (MOMR),* the expected increase in the US supply portfolio is supported by continued developments in its tight oil formations, in the form of both crude oil and natural gas liquids (NGLs).

Additionally, the Gulf of Mexico is seen adding some growth in supply during the year, supported by new projects, while Alaskan production is estimated to decline.

However, the strong growth achieved from tight oil developments in 2012 is seen slowing this year, mainly due to the high decline rates, which, according to the report, requires continued drilling to maintain steady output and further drilling to achieve growth.

Infrastructure limitations

"Additionally, infrastructure limitations, water supply, environmental concerns and price issues could impact some of the growth," said a feature article in the *MOMR*.

Consequently, US oil supply expansion is currently projected to stand at 600,000 b/d in 2013, representing an almost 400,000 b/d decline in growth, compared with the previous year. On the other hand, improvement in drilling and operational efficiency is seen supporting growth, as increasingly less time is required to complete wells. Furthermore, advances in multistage fracking technologies are allowing producers to recover more oil, the report observed.

In the light of certain developments, it added, expected US growth in 2013 could encounter revisions in either direction in the coming months.

Last year, non-OPEC oil supply is estimated to have increased by 600,000 b/d over the previous year. The current estimation is slightly lower than the initial forecast made in July 2011 of growth of 700,000 b/d.

The report explained that the forecast for non-OPEC supply growth in 2012 encountered several revisions, due to the shifting dynamics in the various regions.

"Weather, technical and geopolitical factors were the main drivers behind these revisions," it affirmed.

While regional forecasts showed some variations from the initial projections, overall non-OPEC supply growth remained relatively steady throughout the forecast period.

The feature article pointed out that among the main developments in non-OPEC supply growth in 2012 were downward revisions in the projections for South Sudan and Sudan, Syria, and Yemen, as political unrest in these countries disrupted crude output.

Additionally, technical and weather factors negatively impacted the output of Brazil, Azerbaijan and the North Sea.

In contrast, accelerated developments in US tight oil output led to strong upward revisions in its growth in 2012.

"Overall, the bulk of the growth in non-OPEC supply in 2012 came from North America, supported by gains in the US and Canada. The increase in supply from Russia came next, followed by China.

"However, OECD Western Europe, Africa and Middle East supply fell. At the same time, natural decline from mature fields in Mexico and Brazil led to slightly lower supply from these countries," commented the report.

Bottom-up approach

In 2013, total non-OPEC supply is expected to increase further by 1.0m b/d, supported mainly by North America.

The *MOMR* noted that the non-OPEC supply forecast was based on a bottom-up approach. Consequently, the projection was associated with varying risks and uncertainties among the individual countries, leading sometimes to opposite trends.

"Accordingly, to avoid frequent and unnecessary revisions to the non-OPEC supply forecast, time should be given to allow for the individual projections to offset one another before considering any impending revisions to non-OPEC supply," it advised.

Last year, it said, the relatively complete actual production profile for the early part of the year only began to emerge in the second half of 2012.

"One potential scenario for 2013 would be for North America to once again see an upward revision, while supply projections from South Sudan, Brazil and the North Sea encounter downward adjustments.

"These revisions would be offsetting and thus leave the overall supply forecast broadly unchanged. However, reliable production data would need to be available before carrying out any such change," it stated.

Economic challenges spell continuing uncertainty for oil product markets

April 2013

The on-going challenges to the world economic recovery, especially in Europe, present considerable uncertainties for oil product demand, according to the April edition of the OPEC *Monthly Oil Market Report (MOMR)*.

But the publication's feature article maintained that expected demand growth during the summer driving season should allow refining margins to recover in the Atlantic Basin, particularly in the United States.

However, it forecast that Europe was not likely to see a repeat of last year's driving season when the tight market in the Atlantic Basin enabled some refineries to generate additional profits.

"With more than half of the 1.5m b/d of last year's closed refinery capacity back on line, this year's driving season is likely to be different," it observed.

The *MOMR* said the US East Coast gasoline supply situation had improved and the impact of the shutdown of the Port Reading refinery would be more than offset with additional supplies from the return of Delta's 185,000 b/d Trainer refinery.

Further inflows of gasoline were likely to come from mid-continent refiners processing regional light sweet crudes, such as Bakken, which were particularly attractive to refiners because of their higher gasoline yield.

The report pointed out that access to cheaper crude would enhance refinery margins and encourage refiners to raise utilization rates, increasing gasoline supplies.

"This will limit the arbitrage of gasoline from Europe, a market which will continue to be affected by a persisting contraction in demand."

The *MOMR* said that despite the positive outlook for the US refining industry during the upcoming driving season, the global product market was expected to ease with the coming on line of 1.7m b/d of additional capacity, mainly from Asia, the Middle East and the US.

"Europe will be particularly affected, as the lack of complexity of some of its refineries and relatively higher feedstock costs represent a considerable disadvantage in the competitive global market," it noted.

Mixed performance

Looking back to 2012, the *MOMR* said that product markets showed a mixed performance in the second half of last year.

Gasoline and middle distillates were bullish, due to the tight market during the driving season. Stocks fell below their five-year average on the back of several refinery closures in the Atlantic Basin. Additionally, a number of refineries across the globe saw unscheduled shutdowns, due to operational limitations and hurricanes in the Americas.

In the third quarter of the year, the improvement in light and middle distillate cracks allowed refinery margins to increase globally, despite weaker fuel oil, which was hit by lacklustre demand in the bunker sector worldwide.

"However, the end of the driving season and increasing supplies following the return of refineries from seasonal maintenance caused margins to retreat in the fourth quarter."

The report said that lacklustre heating oil demand also prevented the winter season from supporting the market. This was despite the slight recovery in seasonal demand for middle distillates and fuel oil for power generation in the Asian region.

"Falling gasoline inventories in the Atlantic Basin and expectations of tighter supplies in Asia helped product market sentiment to improve at the start of this year.

"However, this proved short-lived as market sentiment turned bearish in March on rising supplies."

The *MOMR* predicted that, in the coming months, product market performance was expected to vary considerably among the regions.

In the US, export opportunities, mainly due to increasing gasoline and gasoil requirements from Latin America, should continue to lend support. Growing hydro-cracking capacity would enable the US to meet Latin American import needs, as well as to further increase exports to other markets, thus continuing the rising trend in product exports seen in recent years.

"Healthy margins, boosted by relatively cheaper domestic crude, will encourage US refiners to keep run-levels high, despite weaker domestic demand. Another supportive factor for the US product market is likely to be the continued drop in gasoline inventories, ahead of the driving season," it stated.

MOMR oil market highlights ...

April 2013

- The OPEC Reference Basket retreated by more than five per cent in March to average \$106.44/b. All Basket component values contributed to the decline, particularly Dated Brent-related crudes. On the ICE exchange, the Brent front-month contract decreased by almost 5.6 per cent, or \$6.53, to average \$109.54/b. On the Nymex, the WTI front-month contract dropped by about 2.5 per cent, or \$2.36, to average \$92.56/b. Reduced refinery demand, due to substantial maintenance worldwide, was a key in pushing prices lower. This, coupled with renewed Euro-zone fears, was sufficient to shave off more than five per cent of ICE Brent's value. WTI managed to cap its losses, partly due to some indications that the US is on a faster path to economic recovery. Additionally, with more routes available to carry crude south to the US Gulf coast, the build-up of crude in the US midcontinent has begun to ease, reducing one of the downward factors weighing on WTI prices.
- World economic growth is forecast at 3.2 per cent for 2013, slightly higher than the 3.0 per cent estimated for 2012. The recovery in the housing and labour markets has triggered a revision in the forecast for US GDP growth to 1.8 per cent from 1.7 per cent. While Japan's forecast remains at 0.8 per cent, the effect of the recently announced monetary stimulus will require close monitoring. The contraction in Euro-zone growth has been revised to minus 0.5 per cent from minus 0.2 per cent. China continues to benefit from the rebound in global trade and is forecast to grow by 8.1 per cent in 2013. India's forecast remains unchanged at 6.0 per cent.
- World oil demand growth in 2012 remained broadly unchanged from the previous report at 800,000 b/d. This was despite a downward revision in the fourth quarter, due to the release of actual data. In 2013, world oil demand growth has been revised down by 40,000 b/d to also stand at 800,000 b/d. The bulk of the growth is expected to come from China, where demand is seen increasing by 400,000 b/d. Other non-OECD countries are expected to add another 700,000 b/d, while OECD demand is forecast to see a slightly lower contraction of 300,000 b/d, compared with the previous year.
- Non-OPEC oil supply is forecast to grow by 1.0m b/d in 2013, a downward revision of 40,000 b/d from the previous month. Historical revisions and updated production data were behind the adjustment. Anticipated growth continues to be driven by the US, Canada, Brazil, Russia, Malaysia, Colombia, South Sudan, and China, while Norway, Azerbaijan, Indonesia, and Syria are expected to see declines. Output of OPEC natural gas liquids (NGLs) and non-conventional oils is forecast to increase by 200,000 b/d in 2013 to average 6.0m b/d. According to preliminary data from secondary sources, total OPEC crude oil production in March averaged 30.19m b/d, a decrease of 100,000 b/d from the previous month.
- Oil product markets turned bearish in March, losing the ground gained in the previous months. Light and middle distillate cracks declined, under pressure from weak global demand and increasing supplies, despite the ongoing maintenance season. The downside to margins should be limited in the coming months as preparations begin for the start of the summer driving season.
- OPEC spot fixtures were higher in March, compared with the previous month, to average 12.81m b/d. OPEC sailings also saw a marginal increase to average 23.82m b/d. Arrivals on most reported routes increased, except in West Asia which declined by three per cent. Dirty tanker spot freight rates for different segments edged higher on the back of increased activity and tighter tonnage availability for certain dates. Clean spot freight rates were mixed. East of Suez saw a notable increase over the previous month, while West of Suez activities declined along with freight rates.
- OECD commercial oil stocks fell seasonally by around 34m b in February, representing a slight deficit of 8.1m b with the five-year average. Crude inventories stood 23.6m b higher than the five-year average, while products indicated a deficit of almost 25.0m b. In terms of forward cover, OECD commercial oil stocks stood at 59.2 days, nearly two days more than the five-year average. In March, US commercial stocks fell by 9.1m b, but continued to show a surplus of 33.0m b with the seasonal average. The drop was attributed to products as crude showed an increase.
- Demand for OPEC crude in 2012 experienced an upward revision to stand at 30.2m b/d, although still showing a decline of 100,000 b/d, compared with the previous year. Required OPEC crude for 2013 remains unchanged at 29.7m b/d, representing a decline of 400,000 b/d from the previous year.

The feature articles and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for March and April 2013. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage. The additional graphs and tables on the following pages reflect the latest data on OPEC Reference Basket and crude and oil product prices in general.

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

	2012										2013			Weeks 9–13/13 (week ending)				
Crude/Member Country	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Mar 1	Mar 8	Mar 15	Mar 22	Mar 29
Arab Light – Saudi Arabia	123.43	118.94	108.48	94.51	99.90	109.94	111.32	109.09	108.47	108.35	110.64	113.95	107.61	110.41	107.94	107.46	107.35	107.67
Basrah Light – Iraq	121.96	116.26	105.94	92.02	98.16	108.68	109.39	106.66	105.45	105.04	107.51	110.48	104.17	106.94	104.65	104.01	103.94	103.97
Bonny Light – Nigeria	127.98	122.36	112.87	97.19	104.24	114.63	114.06	113.31	110.91	111.19	115.41	118.69	110.57	114.89	112.26	110.65	109.43	109.34
Es Sider – SP Libyan AJ	126.03	120.71	111.27	96.04	102.89	112.18	112.16	111.41	109.01	109.29	113.01	116.29	108.37	112.53	110.06	108.45	107.23	107.14
Girassol – Angola	126.30	121.32	111.20	96.44	103.01	113.08	113.14	111.00	108.91	108.92	112.24	116.22	109.48	112.80	110.71	109.50	108.27	109.16
Iran Heavy – IR Iran	122.46	117.78	107.06	93.09	98.81	109.36	110.99	108.11	106.80	106.56	108.52	112.24	105.47	108.68	106.19	105.47	104.64	105.49
Kuwait Export – Kuwait	122.32	117.53	107.55	93.32	98.75	108.91	110.02	107.56	106.82	106.19	108.31	111.79	105.17	108.21	105.53	105.02	104.79	105.37
Marine – Qatar	122.80	117.39	107.79	94.86	99.47	108.57	111.17	108.63	107.12	106.25	107.87	110.94	105.36	107.59	105.72	105.28	104.78	105.74
Merey* – Venezuela	112.07	108.62	99.97	87.52	91.86	99.89	101.84	97.50	93.28	91.68	96.99	101.94	98.55	99.39	98.50	98.95	98.18	98.76
Murban – UAE	125.61	120.44	110.58	96.76	101.48	110.88	113.57	111.36	109.69	108.90	110.39	113.92	108.45	110.64	108.77	108.37	107.94	108.81
Oriente – Ecuador	118.26	113.86	102.25	89.22	94.13	102.21	102.81	98.74	97.15	98.68	101.39	103.41	100.86	100.52	99.24	100.76	101.41	102.84
Saharan Blend – Algeria	126.13	120.81	110.27	94.69	99.64	112.23	112.06	111.41	109.36	109.89	114.21	116.99	108.87	113.19	110.56	108.95	107.73	107.64
OPEC Reference Basket	**122.97**	**118.18**	**108.07**	**93.98**	**99.55**	**109.52**	**110.67**	**108.36**	**106.86**	**106.55**	**109.28**	**112.75**	**106.44**	**109.28**	**107.02**	**106.40**	**105.91**	**106.34**

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

	2012										2013			Weeks 9–13/13 (week ending)				
Crude/Member Country	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Mar 1	Mar 8	Mar 15	Mar 22	Mar 29
Minas – Indonesia[1]	133.85	130.15	120.21	104.83	106.62	115.46	113.06	111.47	108.26	108.96	116.92	119.62	109.47	115.80	111.93	109.04	107.75	108.10
Arab Heavy – Saudi Arabia	121.84	116.62	106.89	92.67	98.24	108.47	109.76	106.91	106.13	104.79	106.54	110.15	103.16	106.53	103.60	103.02	102.57	103.47
Brega – SP Libyan AJ	125.73	120.11	110.57	95.49	102.69	111.78	111.76	110.89	108.61	108.99	113.01	116.49	108.62	112.74	110.31	108.70	107.48	107.39
Brent – North Sea	125.33	119.71	110.27	95.19	102.59	113.48	112.86	111.61	109.11	109.29	113.01	116.29	108.37	112.53	110.06	108.45	107.23	107.14
Dubai – UAE	122.47	117.30	107.71	94.44	99.15	108.62	111.22	108.80	107.22	106.34	107.94	111.25	105.55	107.89	106.00	105.42	104.96	105.87
Ekofisk – North Sea	126.48	120.59	111.24	95.96	103.49	114.05	113.29	112.49	110.46	110.66	113.67	117.68	110.43	114.18	111.97	110.61	109.20	109.47
Iran Light – IR Iran	122.83	117.35	107.69	93.35	99.97	111.30	112.24	109.60	107.77	107.61	110.38	114.68	108.52	111.59	109.54	108.78	107.62	107.85
Isthmus – Mexico	120.46	116.04	107.20	93.16	99.63	107.22	107.90	104.39	99.37	99.03	106.48	113.44	109.86	110.74	109.00	109.89	110.05	110.87
Oman – Oman	122.92	117.44	107.76	94.49	99.43	108.92	111.31	108.83	107.23	106.34	107.94	111.25	105.56	107.89	106.00	105.42	104.97	105.87
Suez Mix – Egypt	119.34	114.58	106.21	90.46	99.66	110.23	109.08	107.42	105.38	105.35	108.73	111.68	104.23	107.07	105.05	104.20	103.53	103.93
Tia Juana Light[2] – Venez.	118.41	114.07	105.16	91.48	98.04	105.61	105.85	102.20	97.28	96.95	104.03	110.72	107.99	108.23	107.14	108.03	108.18	108.98
Urals – Russia	122.41	117.69	109.21	93.81	102.63	113.18	111.92	110.26	108.23	108.21	111.62	114.51	107.01	109.81	107.82	106.91	106.29	106.81
WTI – North America	106.31	103.35	94.45	82.33	87.79	94.08	94.55	89.47	86.59	88.23	94.77	95.31	92.87	92.19	90.92	92.62	92.93	96.05

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

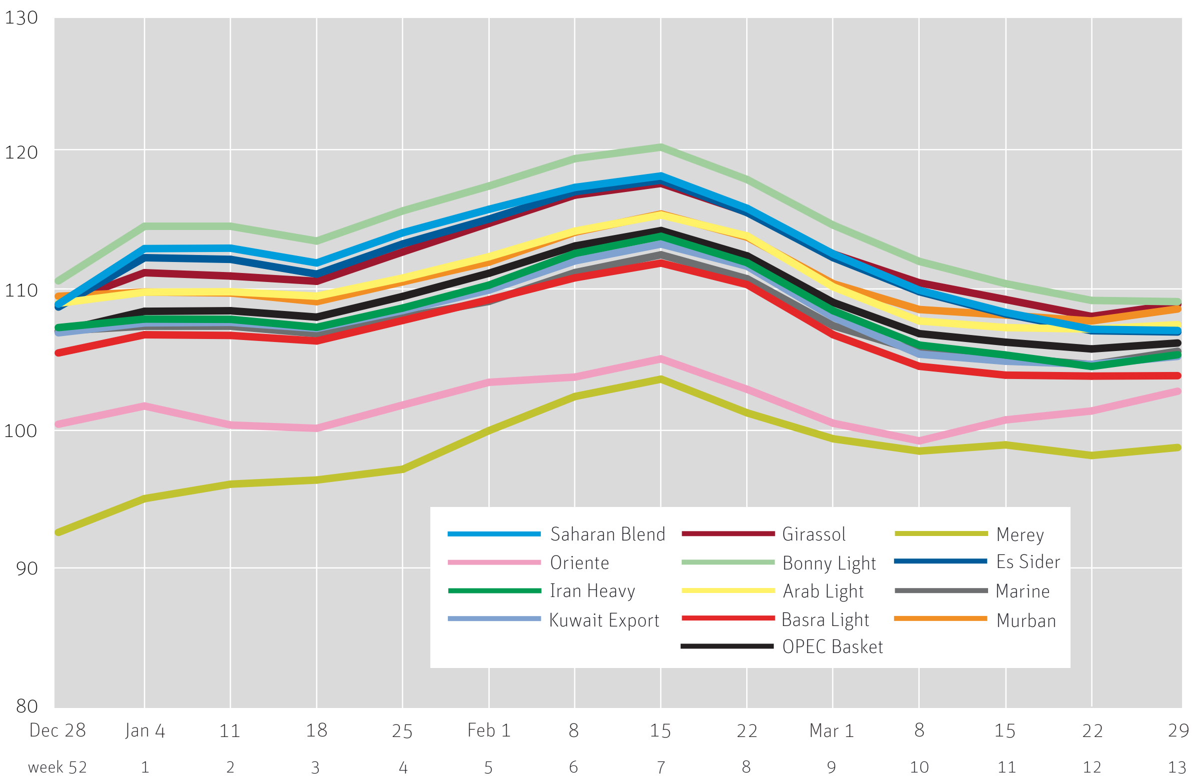
* *Upon the request of Venezuela, and as per the approval of the 111th ECB, BCF-17 has been replaced by Merey as of January 2009. The ORB has been revised as of this date.*

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

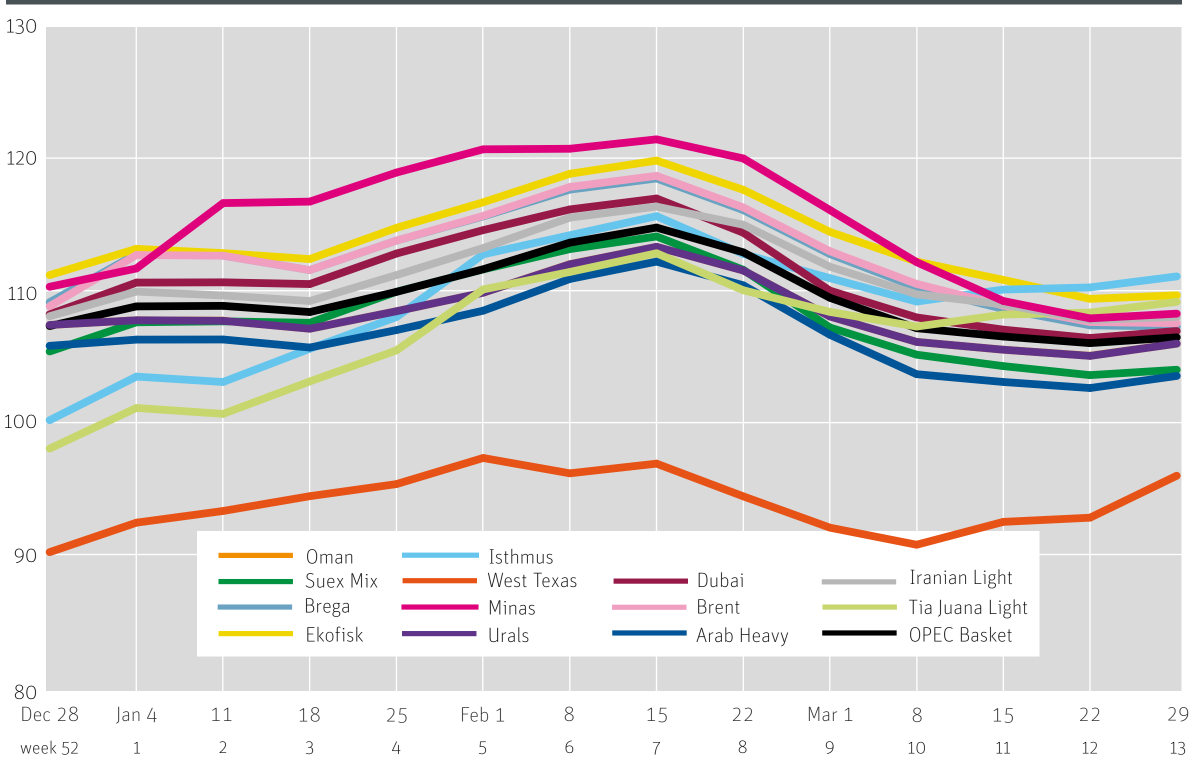
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.

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

Graph 1: Evolution of the OPEC Reference Basket crudes, 2012/13 $/b



Graph 2: Evolution of spot prices for selected non-OPEC crudes, 2012/13 $/b



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

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

Table and Graph 3: North European market — spot barges, fob Rotterdam $/b

		naphtha	regular gasoline unleaded	premium gasoline 50ppm	diesel ultra light	jet kero	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2012	March	118.32	137.82	141.01	137.72	139.12	118.27	111.72
	April	113.95	137.02	140.55	134.89	136.61	115.89	108.87
	May	97.01	122.85	126.22	124.84	128.15	105.70	100.23
	June	80.61	110.72	114.57	113.43	114.30	93.24	88.76
	July	91.27	117.81	121.02	121.32	121.58	99.09	93.14
	August	103.46	130.10	133.11	131.33	133.19	108.06	100.94
	September	106.90	133.41	137.67	134.72	136.77	109.44	102.07
	October	105.62	132.35	126.60	135.41	135.41	101.15	96.86
	November	103.00	125.92	117.89	129.48	129.34	95.37	92.46
	December	103.83	127.74	120.03	124.71	128.37	94.35	91.16
2013	January	103.22	129.56	124.95	128.47	131.56	99.44	96.75
	February	109.76	131.37	133.87	133.30	136.61	104.22	99.85
	March	100.70	127.37	122.54	123.85	125.31	96.98	95.40

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

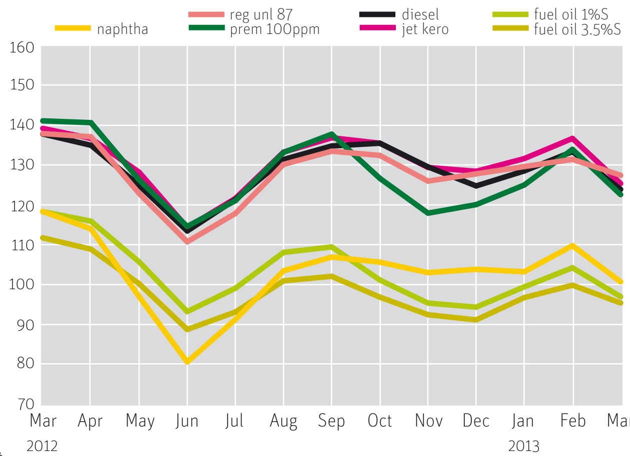


Table and Graph 4: South European market — spot cargoes, fob Italy $/b

		naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2012	March	144.28	155.92	144.14	105.67	94.92
	April	139.02	157.66	140.70	103.70	92.49
	May	118.29	141.12	130.64	94.17	85.08
	June	98.22	128.86	117.72	82.32	75.20
	July	111.30	135.85	126.39	87.78	78.92
	August	126.09	148.43	136.46	95.66	85.71
	September	130.38	154.44	139.88	97.82	86.67
	October	128.77	142.47	138.57	90.60	82.16
	November	125.67	133.02	131.63	85.54	78.40
	December	126.41	131.52	129.88	84.58	77.22
2013	January	125.25	137.69	134.06	90.27	82.02
	February	133.61	148.51	138.38	94.78	84.69
	March	121.97	139.34	132.70	91.30	83.36

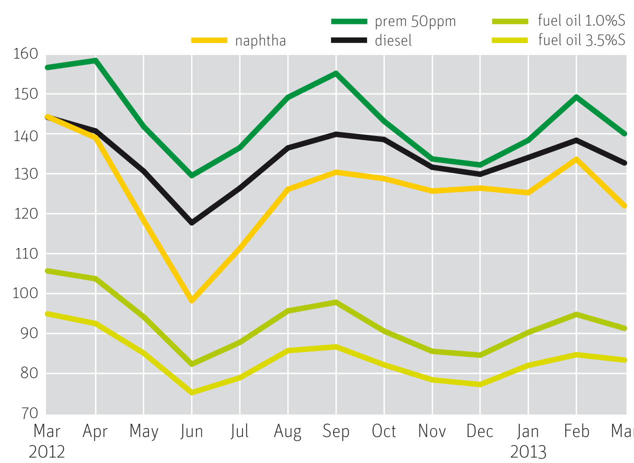
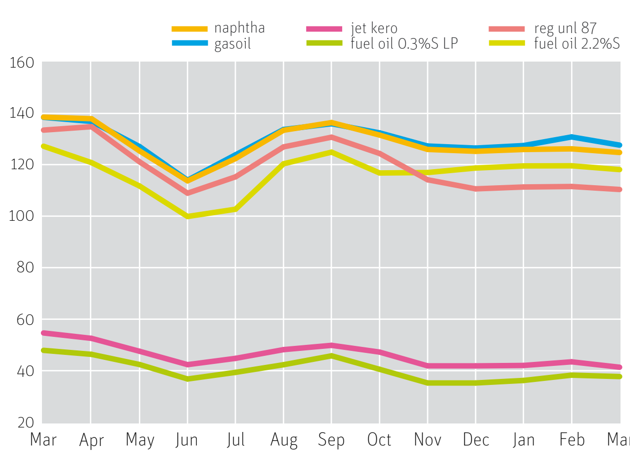


Table and Graph 5: US East Coast market — spot cargoes, New York $/b, duties and fees included

		naphtha	regular gasoline unleaded 87	gasoil	jet kero	fuel oil 0.3 per cent S	fuel oil 2.2 per cent S
2012	March	127.14	133.40	138.44	138.34	54.65	47.90
	April	120.76	134.72	137.81	136.77	52.55	46.35
	May	111.69	121.08	125.31	127.00	47.54	42.40
	June	99.86	108.91	113.70	113.95	42.35	36.78
	July	102.69	115.26	122.36	123.81	44.79	39.35
	August	120.32	126.88	133.35	133.64	48.18	42.32
	September	124.84	130.65	136.32	135.87	49.84	45.78
	October	116.75	124.33	131.48	132.32	47.23	40.54
	November	116.92	114.12	125.90	127.22	41.88	35.24
	December	118.67	110.59	125.17	126.42	41.87	35.23
2013	January	119.50	111.31	125.88	127.40	42.04	36.21
	February	119.55	111.50	126.12	130.75	43.45	38.27
	March	118.07	110.35	124.71	127.57	41.35	37.72



Source: Platts. Prices are average of available days.

Table and Graph 6: Caribbean market — spot cargoes, fob $/b

		naphtha	gasoil	jet kero	fuel oil 2 per cent S	fuel oil 2.8 per cent S
2012	March	116.22	134.52	138.47	107.04	105.26
	April	109.84	132.24	136.84	103.35	100.72
	May	100.77	122.41	126.34	93.95	92.33
	June	88.94	109.97	113.93	80.57	79.17
	July	91.77	116.99	123.01	86.69	84.91
	August	109.40	127.23	133.95	96.63	93.18
	September	114.59	131.98	135.20	99.31	97.06
	October	108.35	126.71	131.77	94.27	92.19
	November	108.52	121.99	125.88	90.89	89.02
	December	110.27	121.72	125.49	89.46	87.80
2013	January	113.55	122.08	131.81	95.58	92.82
	February	127.69	127.55	136.72	99.34	96.50
	March	119.80	123.03	125.96	94.15	91.25

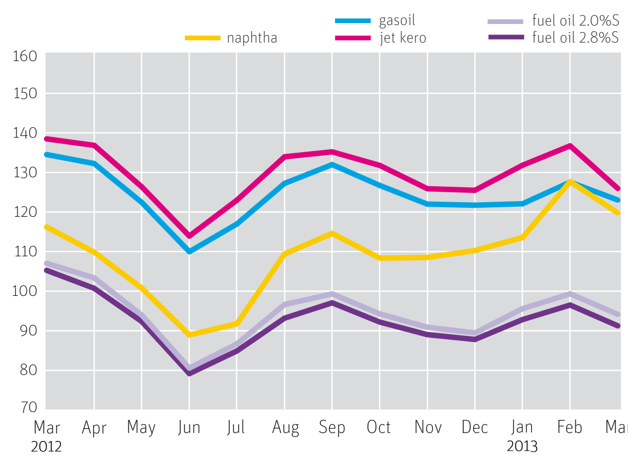


Table and Graph 7: Singapore market — spot cargoes, fob $/b

		naphtha	premium gasoline unl 95	premium gasoline unl 92	diesel ultra light	jet kero	fuel oil 180 Cst	fuel oil 380 Cst
2012	March	119.33	136.64	134.48	138.08	136.18	115.14	114.99
	April	114.44	134.98	131.36	135.02	133.26	112.34	112.63
	May	98.40	121.57	118.19	124.89	123.38	103.75	103.62
	June	80.72	104.46	101.16	111.98	110.29	91.87	91.40
	July	91.13	113.37	110.19	119.30	117.52	95.63	95.30
	August	102.89	127.20	123.78	130.75	129.51	103.55	103.09
	September	106.81	125.97	122.25	132.61	132.57	105.32	104.70
	October	104.91	124.07	120.42	129.85	130.17	100.04	99.89
	November	102.64	119.61	116.47	125.69	125.21	94.51	94.59
	December	103.21	118.85	115.89	125.07	124.75	94.14	94.20
2013	January	105.55	122.77	120.07	127.01	128.09	97.46	98.48
	February	111.89	132.98	129.78	132.75	133.77	100.22	101.44
	March	102.09	124.00	120.78	123.64	123.50	97.98	98.49

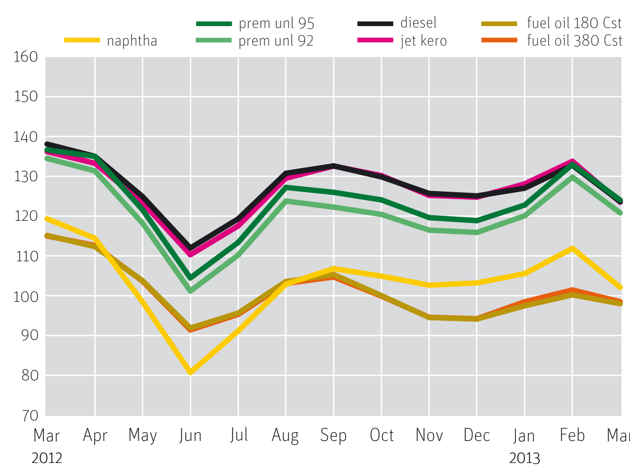
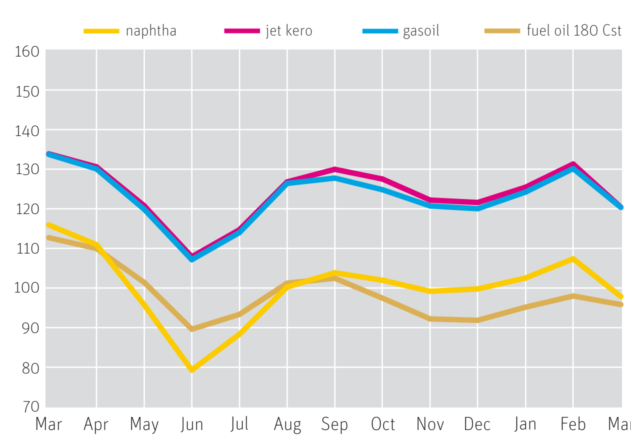


Table and Graph 8: Middle East Gulf market — spot cargoes, fob $/b

		naphtha	gasoil	jet kero	fuel oil 180 Cst
2012	March	115.92	133.72	133.87	112.71
	April	110.95	130.07	130.59	109.97
	May	95.77	119.89	120.79	101.43
	June	79.27	107.14	107.88	89.60
	July	88.34	114.00	114.72	93.33
	August	100.24	126.41	126.79	101.23
	September	103.84	127.75	129.96	102.45
	October	101.96	124.81	127.51	97.44
	November	99.17	120.71	122.19	92.19
	December	99.77	120.02	121.59	91.84
2013	January	102.51	124.21	125.44	95.16
	February	107.36	130.14	131.30	97.98
	March	97.85	120.35	120.40	95.82



Source: Platts. Prices are average of available days.

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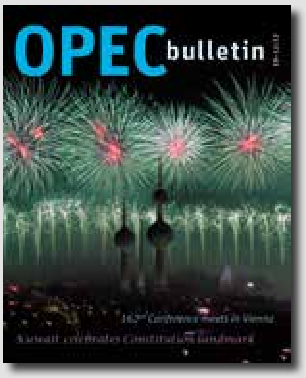

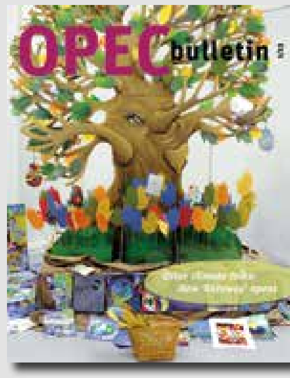

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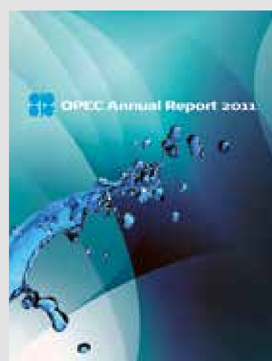

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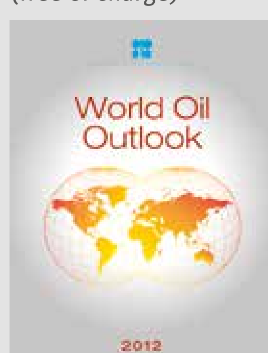

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