OPEC 60 years and beyond:

A story of courage, cooperation and commitment

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Foreword

Allow me to transport you back almost 60 years ago, to the banks of the rivers Euphrates and Tigris in the land of Mesopotamia near the historic Babylon. It was the 10–14 September 1960, when the five Founding Fathers of OPEC, Dr Juan Pablo Pérez Alfonzo of Venezuela; Abdullah al-Tariki of Saudi Arabia; Dr Tala'at al-Shaibani of Iraq; Dr Fuad Rouhani of Iran; and Ahmed Sayed Omar of Kuwait gathered together in the Al-Shaab Hall in Baghdad, to midwife OPEC into the world.

This seminal event, known as the historic 'Baghdad Conference', saw these five visionaries from our Founder Member Countries gathered together around the premise of cooperation and with the need to write their own story. Dr Pérez Alfonzo said after the meeting: "We are now united. We are making history."

Our Organization began as a group of five oil-producing developing countries whose core industrial sectors, centred round oil, were dominated by powerful outside interests, in the shape of the leading international oil companies of the day. We had no say in how these sectors were run or how the oil was sold on world markets.

This was a deeply unsatisfactory situation. All countries have a right to decide what happens to their indigenous resources, but that right was being denied our Member Countries for historical reasons tied up with colonialism, the traditional huge gulf between rich and poor states and the heavy demand for oil to fuel post-Second World War reconstruction in developed countries.

What made matters worse was that this flawed international system was depriving us of the best means we had of developing our own economies, since we were receiving only minimal returns from the crude oil that was extracted from our own lands and sold on world markets at rock-bottom prices. We knew at that time that reasonable returns from these sales would have helped us enormously with the economic and social development that our citizens desired.

However, things started to change after OPEC was formed, and 60 years on, our Organization of 13 Member Countries is now an established part of the international energy community and the global multilateral system. It is widely consulted on oil industry affairs, Member Countries run their own domestic oil sectors across the entire value chain, have expanded into gas, and increasingly explore and develop other sources of energy.

Additionally, we have since the end of 2016 embraced non-OPEC partners in the Declaration of Cooperation (DoC), which did so much to return balance and stability to the oil market in the aftermath of the 2014–16 downturn. It also played a major role in helping right the market in 2020, with the largest and longest production adjustments put in place on 12 April 2020 to help counter the massive oil demand decline due to the perfidious and destructive COVID-19 pandemic.

This book — *OPEC 60 years and beyond: A story of courage, cooperation and commitment* — looks to tell the story of what happened to OPEC in its first 60 years; the key events and the guiding principles for the Organization. It seeks to provide deeper insights into OPEC. Where did it come from? What is its focus? What motivates it? What has it achieved?

The success of any inter-organizational body is linked to the strength and the solidarity of its Members, and OPEC is no exception. Despite the richness and the diversity of their cultures, their wide geographical spread, their varied geological endowments and the often uneven burden of pressures from external sources, our Member Countries have displayed a commendable degree of unity and resolve over the past 60 years in both good times and bad.

The ultimate, binding, collective objectives of these Member Countries are essentially the same simple ones agreed at OPEC's very first meeting in Baghdad in September 1960. The first resolution adopted there stated: "The principal aim of the Organization shall be the unification of petroleum policies for the Member Countries and the determination of the best means for safeguarding the interests of Member Countries individually and collectively;" and take "due regard to the interests of the producing and of the consuming nations and to the necessity of securing a steady income to the producing countries, an efficient, economic and regular supply of this source of energy to consuming nations, and a fair return on their capital to those investing in the petroleum industry."

With a simple legacy like this together with an iron will by our Member Countries to assert their sovereign rights to exploit their indigenous natural resources, in the interests of their national development, one can begin to see why OPEC has prospered over the six decades and grown to a level few people would have imagined possible back in 1960.

Surviving 60 years is a monumental achievement in and of itself for such a group, but especially so for an Organization representing one of the most volatile commodities — oil. Since the early 1970s we have seen seven major market cycles, including the latest in the wake of the COVID-19 pandemic, each of which has seen serious imbalances threaten the oil market and global economic development. It has not been easy, but despite many rumours alluding to its untimely death over the years, OPEC has not only overcome every difficulty, it has thrived.

We hope this book will prove of interest and value to readers of every persuasion and discipline wishing to learn more about our Organization and its Member Countries, whether they be from within the industry itself, the world of academia, the media or other walks of life.

I should like to thank all those who have been directly involved in preparing this history. I have been regularly updated on how this book has been progressing, and it is clear to me that it has been both an onerous and an enjoyable task.

It was onerous because of the painstaking research carried out in studying and analyzing 60 years of OPEC's history, together with the pre-OPEC build-up years, and then collating this and presenting it in an easily digestible form for readers. At the same time, this has been an enjoyable and illuminating experience for the Secretariat, because of the many new insights we have gained about our Organization, our Member Countries, our objectives, our struggles and our achievements over the years. We hope we have managed to convey these insights successfully to readers.

However, the biggest gratitude should be reserved for all those people who have contributed to OPEC's success over its first six decades: the visionaries and pioneers who conceptualized the need for an organization like OPEC; the Founding Fathers who set it up and pointed it in the right direction; the many Ministers, Secretaries General, Governors, National Representatives and other top officials who persevered robustly with asserting Member Countries' sovereign rights in the early years and then strenuously abided by OPEC's core values throughout the following years; the Heads of State and Government whose landmark summits in 1975, 2000 and 2007 revitalized the Organization and permitted a fresh new look at the challenges facing Member Countries; and, last but by no means least, the Staff of the Secretariat, whose tireless efforts, enthusiasm and support across a wide range of disciplines have provided a sound base from which OPEC can achieve its aims and aspirations.

When reflecting on this book and the 60 year history of our Organization, I am reminded of the words purported to be said by the British Prime Minister (1957–63), Harold MacMillan, when he was asked what was likely to blow his government off track: "Events, dear boy, events."

Unexpected events have been a constant feature throughout OPEC's history, be they natural catastrophes, geopolitics, macroeconomic uncertainty, technological innovations and, especially in 2020, global health pandemics. These forces, which are often beyond the capacity of a single stakeholder to manage alone, can appear overwhelming, and have threatened, on occasion, to throw OPEC off course.

However, the events of Baghdad in 1960 unleashed a greater force than any of these obstacles. That is the force in the hearts and minds of people of goodwill from across our Member Countries to work towards oil market stability, fully conscious of the multiplier benefits this brings, not only for themselves, but other stakeholders too. It is a force that motivates our staff when they come to the Secretariat each day. The times may change, but OPEC's commitment to its core values is timeless.

If I was asked to summarize this remarkable journey that you will read in detail over the following pages, I would turn to the words of the great British poet, Alfred, Lord Tennyson:

"That which we are, we are;
One equal temper of heroic hearts,
.... strong in will
To strive, to seek, to find, and not to yield."

Mohammad Sanusi Barkindo
November 2020

Introduction

When OPEC was formed in Baghdad in September 1960, there were some who predicted that the Organization would peter out in a few years. Sixty years on, however, that initial small group of five developing countries has evolved into a group of 13 that is respected far and wide as an established part of the international energy community and multilateral system. It has survived, it has prospered, and in recent times it has joined with a number of non-OPEC producers through the DoC, or what some call, OPEC+.

Over the last six decades there have been ups and downs for the Organization, there have been many column inches written about it, both favourable and unfavourable, and much has changed for OPEC, the oil industry and the world at large.

What has also been the case for most of OPEC's existence is that people tend to have strong views about the Organization, some of which may be the result of misunderstandings and misconceptions about its true nature and its Member Countries. What is OPEC? What and where has it come from? How does it fit in with the broader global oil industry, the sustainable energy picture and the global economy?

OPEC 60 years and beyond: A story of courage, cooperation and commitment seeks to provide a readable and digestible background on OPEC's history and explore some of the key issues that have shaped the Organization's thinking and continue to drive it forward today. The history of OPEC is also part of the history of the modern oil industry; a fuel that has been the lifeblood of industrialized nations and helped shape the modern world.

Oil is omnipresent in the lives of most people on this planet, accounting for around 31 per cent of the global energy mix according to OPEC's *World Oil Outlook (WOO).* The way people live, work and travel all depend on oil. We rely on crude oil for the food we eat, the clothes we wear and the electronics we use at home and in the workplace.

Every day we use hundreds of things that are made or derived from it. Products with a significant crude oil base include heating oil, jet fuel, kerosene, dentures, diapers, fertilizers, lipstick, shampoo, deodorant, shaving cream, crayons, musical devices, cameras, computers, glue, contact lenses, toothpaste, synthetic fibres, tyres, artificial hearts and even aspirin.

Oil will also be vital in the future. The world will need more energy, and with billions of people in the developing world continuing to be impacted by energy poverty, it is vital to look at how this growth can be achieved in a sustainable way by various energies, balancing the needs of people in relation to their social welfare, the economy and the environment.

In terms of OPEC's history, the Organization is far more than just an appendage to the history of oil. It is a story of a family of nations, of people and populations, of feelings and emotions of countries rich in culture and heritage, and of the struggle of a group of developing countries to effect the inalienable right of all countries to exercise permanent sovereignty over their natural resources in the interests of their national development.

The energy journalist Ian Seymour wrote in the introduction to his 1980 book *OPEC: Instrument of Change* that the story of the rise of OPEC from relative obscurity to world eminence over the past 20 years is well worth telling. This is, of course, equally true today, perhaps even more so, given the big increases in the size and scope of the Organization's activities since then. Seymour's book, which was commissioned by OPEC in the run-up to its 20th anniversary, is an invaluable source of material for the Organization's first two decades.

There have been a number of other books written on OPEC over its lifetime, some of which have also proven to be useful sources for *OPEC 60 years and beyond: A story of courage, cooperation and commitment.* This is particularly true for authors who have held high-level posts inside the Organization. This includes two of OPEC's five 'Founding Fathers', Venezuela's Dr Juan Pablo Pérez Alfonzo and Dr Fuad Rouhani of Iran.

Dr Pérez Alfonzo's "brief but intellectually very rich book, *The Petroleum Pentagon,* puts forward an action plan for Venezuela, an oil-rich nation, the implementation of which would lead to effective control over its natural hydrocarbon resources, through adequate exploitation that would avoid economic and physical waste. This strategy foresaw an Organization like OPEC to be one of its main pillars." The quote comes from the foreword by former OPEC Secretary General, Dr Alvaro Silva-Calderón, to the 2003 English translation of the book, which had first appeared in Spanish in 1967.

Dr Rouhani's book titled *A History of O.P.E.C.,* was published in 1971 and provides background into the genesis of the Organization, its achievements over the first decade, its functioning and future prospects. It is an invaluable insight from the man who was also the first Secretary General of the Organization.

Venezuela's Dr Francisco R. Parra, who was OPEC Secretary General in 1968, published *Oil Politics, a Modern History of Petroleum* in 2004. This provides an interesting contrast to Seymour's book, since it gives an insider's view of OPEC's activities and the challenges it faced during its first two decades. It also covers a broader brief than just OPEC matters, with a more detailed description of global oil industry developments over the period.

Dr Fadhil J. Chalabi was OPEC's Deputy Secretary General from 1978–89, including five years as 'Acting for the Secretary General' from 1983–88, and authored a number of extremely useful analytical books about the Organization. In the 1980s, there were *OPEC and the international oil industry: a changing structure* (1980) and *OPEC at the crossroads* (1989), and more recently in 2010 there was *Oil Policies, Oil Myths: Analysis and Memoir of an OPEC 'insider'*.

A more recent edition to this list was Ali Al-Naimi's memoir, *Out of the Desert: My Journey From Nomadic Bedouin to the Heart of Global Oil* (2016), that covers his extraordinary journey from a nomadic Bedouin to the Minister of Petroleum and Mineral Resources of Saudi Arabia. The book provides valuable insights into OPEC's history during his more than 20 years as minister.

This book has also benefitted from OPEC internal reports and documents, including material and speeches dating back to the 1960s, past interviews with OPEC Ministers, Secretaries General, and other high-level officials, as well as a plethora of publications that have been made increasingly available to the public over the years.

It is also important to pay due recognition to Keith Aylward-Marchant, a former Editor/Speechwriter at the OPEC Secretariat, who led the work undertaken to review OPEC's history on its 50th Anniversary in 2010, as well as the contributions of *Chapters 12* and *14* by the OPEC Fund for International Development and OPEC's Environmental Matters Unit (EMU), respectively.

Both of our regular monthly publications, the general news *OPEC Bulletin* and the analytical *Monthly Oil Market Report (MOMR),* as well as our annual publications, the *WOO* and the *Annual Statistical Bulletin (ASB),* have been expanded in size and enhanced in quality in recent years, making them even more valuable sources of information than before about OPEC, its Member Countries and the oil market.

Live webcasts from Meetings of the OPEC Conference, and now the OPEC and non-OPEC Ministerial Meetings, as well as other major events, have also provided a wealth of information.

Outside of OPEC, for a comprehensive history of the modern petroleum industry one cannot initially look beyond Daniel Yergin's acclaimed Pulitzer Prize-winning book, *The Prize: the Epic Quest for Oil, Money and Power* (1991). This publication chronicles the birth of the industry in the mid-19th century, taking the story up to 1990. Its captivating story-telling and impeccable research, regales us of the people who made the oil industry what it is, and as a version of its cover states "explores the never-ending struggle around the world between companies and governments for the control of oil."

Another of Yergin's books, *The Quest: Energy, Security, and the Remaking of the Modern World* (2011), provides an excellent overview of the broader energy industry and its history.

For energy specifically, Vaclav Smil's book, *Energy and Civilization: A History* (2017), also affords a masterful account of how energy has shaped society, and how the use of fossil fuels has affected almost everything.

Other books that offer interesting OPEC and oil industry insights include *OPEC, the inside story* (1985) by Dr Pierre Terzian; *OPEC: Twenty-five years of prices and politics* by Ian Skeet (1986); *Crude Volatility: The History and the Future of Boom-Bust Oil Prices* (2016) by Robert McNally, which adeptly explores and explains the highs and lows of the oil industry since the 1860s and its broader impact on economies and nations; and *The Rise & Fall of OPEC* (2019), by Giuliano Garavini.

Garavini, alongside Dag Harald Claes, was also involved in writing and editing a recent edition to coverage of OPEC, the *Handbook of OPEC and the Global Energy Order: Past, Present and Future Challenges.* The 2020 handbook has chapters provided by various scholars and analyzes the history and development of OPEC, its global importance, and the role it has played, and still plays, in the global energy market.

Anna Rubino's book, *Queen of the Oil Club: The Intrepid Wanda Jablonski and the Power of Information* (2008), provides a lively and colourful account of OPEC's 'Gentlemen's Agreement' in Cairo in 1959 that provided a platform for the formation of OPEC in Baghdad in September the following year.

Two other useful publications for this book were *Crashed* by Adam Tooze and *Saudi America* by Bethany McLean. Both published in 2018, Tooze masterfully examines the 2008 financial crash and its widespread repercussions in the years thereafter, as well as the potential long-term consequences, and McLean provides insights into the remarkable rise of

US shale oil this century and its impact on Wall Street, the US economy and geopolitics.

The purpose of *OPEC 60 years and beyond: A story of courage, cooperation and commitment* is to bring to a wider readership OPEC's history, its objectives and its achievements over its first six decades. It was a period that witnessed far-reaching change across the global economic, social and political landscape, as well as breathtaking advances in technology, transforming the lives of all of us. Supporting this was the unrelenting growth in world demand for energy and, especially, oil — hence the considerable amount of attention that was focused on OPEC during this time.

OPEC 60 years and beyond: A story of courage, cooperation and commitment consists of two main parts.

Part One chronicles the history of the Organization, starting with the build-up to OPEC's creation on 14 September 1960 and leading up to the present day and its 60th Anniversary. And Part Two looks more deeply into specific cross cutting issues, to further explore what the Organization stands for and where it is heading, including chapters on dialogues, OPEC seminars, development, OPEC and its host country Austria, and environmental matters.

As the book portrays, the history of OPEC underscores the adversities the Organization has faced, the challenges it has overcome, and the value it has placed on dialogue and cooperation with other industry stakeholders, both producers and consumers. This cooperation has been particularly relevant in 2020, with the COVID-19 health pandemic and its knock-on impacts for the global economy and the oil market highlighting the increasingly complex and interdependent world in which we live.

The importance of further building on the consumer-consumer dialogue, the producer-consumer dialogue, in fact all dialogues, will be vital to all stakeholders. This is not only in overcoming the challenges presented by COVID-19, but in embracing the energy transition, where we all need to work together, step-by-step, and find issues of commonality. We need to transition to a more inclusive world where no one is left behind, and when tackling emissions, we need to recognize that there are many paths involving all energies and we need to pursue them all.

The principles of international cooperation driven by inclusiveness, multilateralism and mutual respect among all nations will continue to drive OPEC forward in the years and decades ahead.

Part One: Analyzing the 60 Years

Chapter 1: Conceiving OPEC

Up to September 1960

As clocks ticked passed midnight on 31 December 1959, the world heralded in the dawn of a new decade and for many it offered promise and opportunity. The post-Second World War period of reconstruction is over. A leading industrialized nation has recently seen an election won on the slogan *'You have never had it so good!'* The consumer society is in full swing. Riches are the much-heralded reward for enterprise. Cars are becoming bigger, thirstier, dripping with chrome and sprouting wings. Air travel is becoming increasingly affordable for the masses. Plans are being hatched to land man on the moon by the end of the decade. This is how the richer part of the world lives.

At the same time, however, there are the poorer nations of the world, the developing nations, where development may actually mean almost starting from scratch. Ostensibly, many of these countries are scrambling free from the yoke of colonialism and enthusiastically grasping the reins of independence. In reality, however, the role for many of them is to service the needs of the richer countries, by supplying them with the raw materials and other basic goods that maintain their prosperous lifestyles — and to do this with minimal returns.

There is no better example of this than with crude oil. Between 1950 and 1960, oil production doubled and there was a huge increase in proven reserves, with technologies and advances in drilling helping exploration and production. For example, Saudi Arabia's huge Ghawar field — the world's largest oil field to date — was discovered just before 1950 and came into production in the early years of the 1950s.

If there is one commodity that can claim credit for the startling advances post-Second World War, it is crude oil — both as a fuel and as the feedstock for petrochemicals. Major consuming countries, often with limited reserves of their own, were ever increasing their reliance on crude oil that was to be found in abundance in many developing countries.

There is little the producing nations could do about this. To help them develop their economies, they need all the revenue they can get from what is, in many cases, the only natural resource they possess that is in high demand on world markets. To all intents and purposes, they are in a catch-22 bind, with major consuming countries holding all the cards.

The petroleum industry was dominated by the West's major international oil companies (IOCs) of the day — known collectively as the 'Seven Sisters' and comprising Exxon, Texaco, Standard Oil of California, Mobil Oil, Gulf Oil, Royal Dutch/Shell and British Petroleum.

"It is sometimes difficult in these days to recall just how complete was the dominance exercised by ... major IOCs over the world oil industry in pre-OPEC times," Ian Seymour wrote in his history of the Organization's opening two decades, *OPEC: Instrument of Change.*[1]

By the mid-1950s, the oil majors were in control of more than 90 per cent of production, refining and marketing facilities in the non-centrally planned economy (non-CPE) world outside the US. "In fact," continued Seymour, "the entire concessionary system in the Middle East, from its beginnings in Iran in the early years of the century through its spread over neighbouring countries — Iraq, Saudi Arabia, Kuwait, the Gulf States — in the 1920s and 1930s, evolved under the political umbrella of a Western imperialism, which, though approaching its twilight years, still ruled the roost in the area's international relations."[2]

Thus, on matters of vital importance to the livelihoods of the oil producing countries, host governments were not consulted. They were paid small royalties, while the oil companies made big profits. Furthermore, should a producing country attempt to assert its authority, the major oil companies and their political backers reacted unsympathetically. The majors would often just move production, switching sources of crude supply at will in the event of any conflict with an individual host government.

Cairo and the 'Maadi Pact'

Nonetheless, some countries and individuals were looking at ways and means to change this situation. In his book, *A History of O.P.E.C.*, Iran's head of delegation to the 1st Meeting of the OPEC Conference in Baghdad and the Organization's first Secretary General, Dr Rouhani, said that beginning in 1949, Venezuela "embarked on a policy of establishing contact and arranging a regular exchange of information with the producing countries of the Middle East."[3] He labelled it a "rapprochement with the Middle Eastern oil exporting countries, in order to have allies rather than rivals in that region of growing importance."[4]

Dr Alirio Parra, Venezuela's Energy and Mines Minister from 1992–94, and a close assistant to Venezuela's Minister of Energy and Hydrocarbons in the late 1950s, Dr Juan Pablo Pérez Alfonzo, said in an interview with the *OPEC Bulletin* that "there were a number of factors pushing us towards some kind of manifestation for securing the national interests of the oil producing countries." He stated, however, that this took a while to permeate and it was not until 1959 that an opportunity arose to further consolidate these relationships.[5]

In January 1959, Shell reduced the price of West Texas crude by 15 cents/barrel (¢/b). The following month it then initiated a similar reduction in the posted prices of comparable Venezuelan crudes, and a few days later, British Petroleum instigated an 18¢/b reduction in Middle East crude postings.

Daniel Yergin explained the reaction in his book on the history of oil, *The Prize: The Epic Quest for Oil, Money and Power:* "(British Petroleum's) action instantly set off a torrent of denunciation from the oil exporters. Dr Pérez Alfonzo (Venezuela's Minister of Mines and Hydrocarbons) was outraged. Abdullah Al-Tariki (the Director General [and later Minister] of Petroleum and Mineral Affairs in Saudi Arabia) was furious. With a stroke of the pen, a major oil company had unilaterally slashed the national revenues of the oil producers. The exporters were galvanized into action."[6]

All roads led to Cairo and the first Arab Petroleum Congress in April 1959, but it was outside of the confines of the congress, in a series of closed meetings and informal discussions, where the real talks took place. The Venezuelan delegation, headed by Dr Pérez Alfonzo, alongside senior Arab and Iranian oil officials, held several secret meetings in the Cairo suburb of Maadi at the local yacht club.

Dr Pérez Alfonzo gave his version of events to A. Parra, who recounted these conversations: "It was a historic opportunity, because the oil producing countries had never met together before. All the producers, whether Arab or non-Arab countries — none of them was a member of any oil organization at that time."[7]

Dr Pérez Alfonzo told A. Parra he had gone to Cairo with a purpose: "And that purpose was to see if the oil producers could, in some form or other, get together." It was his major objective. "He did not wait to go to the meetings of the Arab League, but started to talk about his plans in the corridors, the passageways and the cafes of the Nile Hilton, where he met the invited representatives" from a number of countries in the region.[8]

Another active participant was Wanda Jablonski, who has been described by many as one of the most influential oil journalists of her time. She was known by almost all the major personalities and leaders of the industry. In Anna Rubino's book, *Queen of the Oil Club: The Intrepid Wanda Jablonski and the Power of Information,* Jablonski is described as "OPEC's midwife."[9]

Yergin recounts Jablonski describing Al-Tariki as "the No 1 man to watch in the Middle East — as far as oil concession policies are concerned … he is a young man with a mission." Given the resolve for change of Dr Pérez Alfonzo, it was clear they were like-minded personalities. It was Jablonski who introduced the two to each other in Cairo.[10]

Francisco Parra in his book, *Oil Politics: A Modern History of Petroleum,* noted that Dr Pérez Alfonzo and Al-Tariki were as different as "chalk from cheese."[11] What they did have in common, however, was a desire to protect their countries legitimate interests.

A. Parra added that it "really was cloak and dagger stuff", and it eventually led to a loose agreement. At the Maadi Yacht Club "they produced and signed a document which came to be known as the *'Maadi Pact'* — the gentlemen's agreement, if you like. It was an extraordinary move because it proposed, for the first time, a Petroleum Consultation Commission made up of the countries that were present."[12] Seymour states that "the proposed Consultation Commission could well be regarded as the harbinger of OPEC."[13]

The road to Baghdad

In the months that followed, Middle Eastern and Venezuelan oil officials intensified their working relationships, although the first few months of the year failed to deliver anything more substantive. In May 1960, however, a joint declaration was issued at a press conference held by Dr Pérez Alfonzo and Al-Tariki in Caracas. This laid the basis for an international petroleum agreement that, they said, would be adhered to by Iran, Iraq, Kuwait, Saudi Arabia and Venezuela.

The proposed agreement envisaged that production would be geared to the growth of market demand and shared proportionally among the signatory countries primarily on the basis of proven reserves, but with special provision being made for the participants' current market position and for new oil discoveries in participating countries or new areas.

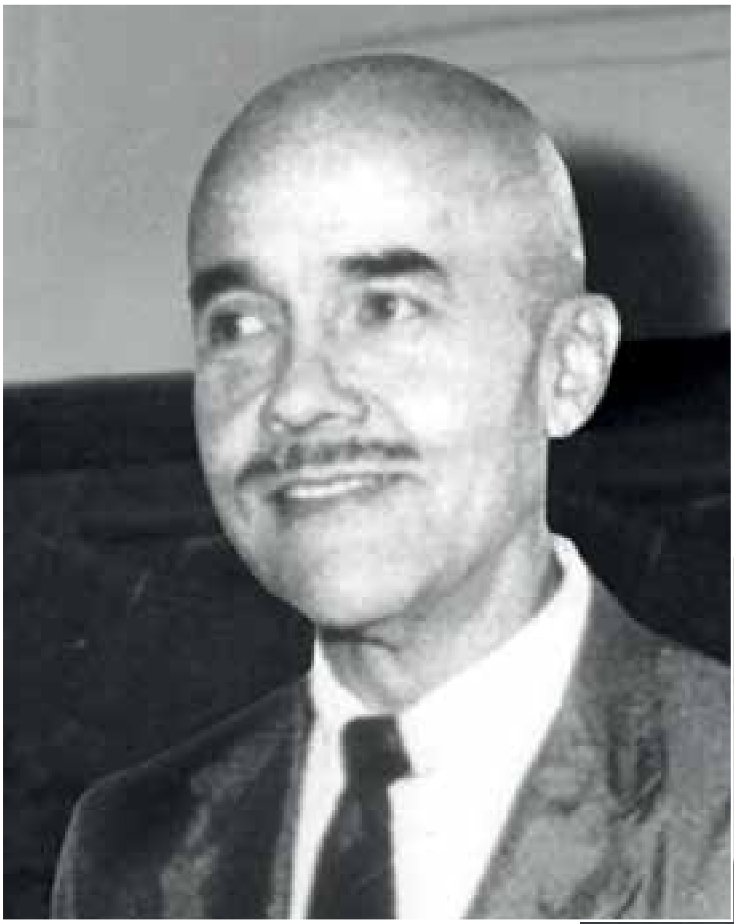
The sentiment behind these developments was clearly on display in an interview Al-Tariki undertook with *Petroleum Week* in 1960: "They (the companies) do not like us to do anything," he said. "They prefer that the governments have nothing to do with the business they derive their living from. They do not want the government to have anything to do with the oil business in its own country."[14]

However, this proposal was quickly overtaken by events only a few months later, when the 'Seven Sisters' decided to unilaterally lower crude prices again. "This was the spark that got the oil producing countries going again," said A. Parra.[15]

He added that "within a few days of this development, Dr Pérez Alfonzo received a telegram from Baghdad, which, incidentally, took three days to get to Venezuela — there was no priority mail in those days.[16]

"I was actually sitting with Dr Pérez Alfonzo, in front of his desk, when his secretary bounced in, all excited. Imagine, the dispatch he had been waiting for all this time, had arrived … Dr Pérez Alfonzo took the letter — he was a very serious man — and purposefully and expectantly opened it. He then stood up and literally shouted: "We have done it!"."[17]

All roads now led to Baghdad.



Dr Juan Pablo Pérez Alfonzo.

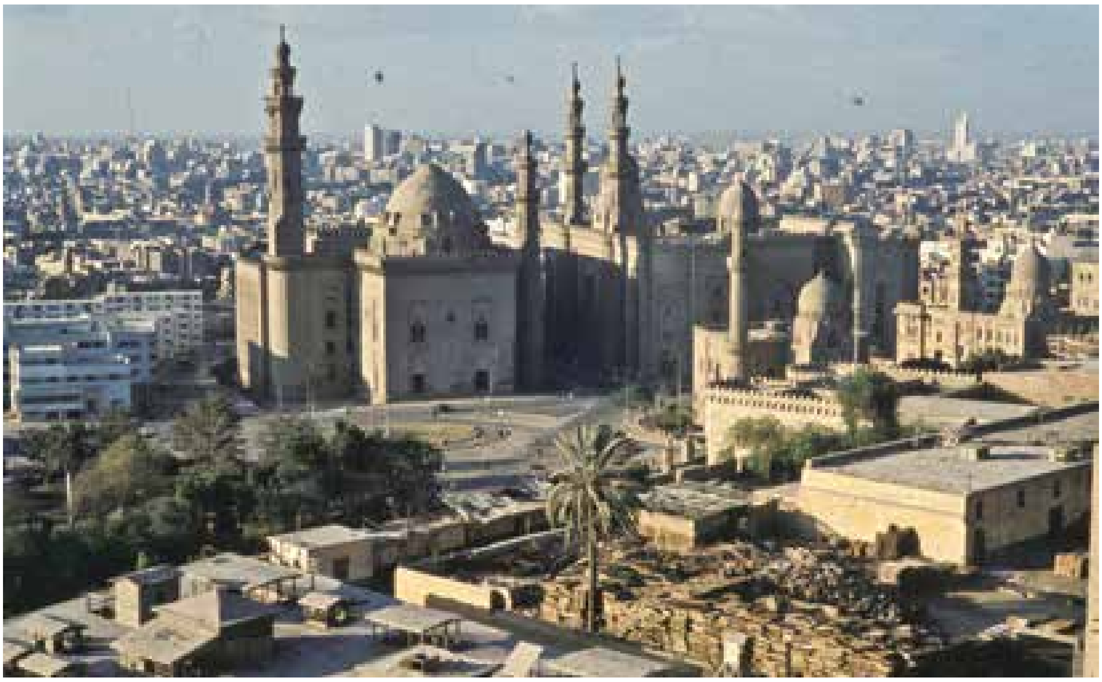
Abdullah Al-Tariki.

Wanda Jablonski *(r) with* ***Sheikh Shakbut ibn Sultan****, c. 1957.*

Photo courtesy Energy Intelligence.

Jablonski *with* ***Al-Tariki****, Saudi Arabia's Minister of Petroleum, c. September 1960–March 1962.*

***Dr Alirio Parra**, Venezuela's Energy and Mines Minister from 1992–94, and a close assistant to Venezuela's Minister of Energy and Hydrocarbons in the late 1950s early 1960s, Dr Juan Pablo Pérez Alfonzo.*



Cairo in 1959.

Photo courtesy H. Grobe — Own work, CC BY-SA 3.0, https://commons.wikimedia.org/w/index.php?curid=19026551

All roads led to Cairo and the first Arab Petroleum Congress (see stamp right) in April 1959, but it was outside of the confines of the congress, in a series of closed meetings and informal discussions, where the real talks took place. Several secret meetings were held in the Cairo suburb of Maadi at the local yacht club (above) and led to the 'Maadi Pact'.

Photo courtesy Shutterstock.

Chapter 2: Birthing OPEC

10-14 September 1960

On 10 September 1960, at the invitation of Iraq, representatives from Iran, Kuwait, Saudi Arabia and Venezuela arrived in Baghdad, on the banks of the rivers Euphrates and Tigris, for discussions. It was the exact same day that Abebe Bikila of Ethiopia won the Olympic marathon in Rome, setting a new world record, running barefoot, and becoming the first African winner of the event.

Bikila's time was just over two hours 15 minutes, which was decidedly less than the five days that delegates at the Al-Shaab Hall in Bab Al-Muadham, Baghdad, took to deliberate behind closed doors on the state of their countries and the future of the oil industry. There was no fanfare. No major glare of publicity from the international media. Just five developing nations — Iran, Iraq, Kuwait, Saudi Arabia and Venezuela — setting about the business of defending their legitimate interests in the world oil industry.

In evoking the seminal meeting, Dr Rouhani said in an *OPEC Bulletin* interview in 1990 that he had "a very clear recollection of the meeting in Baghdad … it was one of unanimity in regard to the main objective, but one of openness towards the discussion of the different ways and means. I was very much impressed by the spirit and attitude of all those representatives who were present and their willingness to discuss matters objectively and without bias."[1]

At the meeting's conclusion on 14 September, they decided to form a permanent intergovernmental body, the 'Organization of the Petroleum Exporting Countries' (OPEC), and the gathering became known as the historic 'Baghdad Conference'.

The *Platt's Oilgram News Service* headlined 'Baghdad parley approves permanent Organization' and noted that the chiefs of delegation in their closing speeches stressed "full cooperation, deep comprehension and usefulness of the conference."[2]

"The first meeting amazingly went along very smoothly," said A. Parra. The participants had been unanimous in their aims and objectives, he added, continuing: "It was an amazing time because they had this vision to move forward together. And do not forget, there were no precedents involved — no past to go on — it was something totally new for the producers. It was sort of a real awakening of their national interests. No longer would producing countries be a mere spectator to their interests, just collecting taxes and, one has to say, taxes that were somewhat meagre."[3]

It is interesting to note that the birth of OPEC occurred almost a century after what many describe as the beginning of the modern oil industry — the first appearance of oil from the famed 'Colonel' Edwin Drake's well in Titusville, 'Oil Creek', Pennsylvania, the US, on 28 August 1859.

Founding Fathers

The five 'Founding Fathers' of OPEC, Dr Rouhani of Iran, Dr Tala'at al-Shaibani of Iraq, Ahmed Sayed Omar of Kuwait, Al-Tariki of Saudi Arabia and Dr Pérez Alfonzo of Venezuela, established a collective vision for the new Organization. They defined a statement of policy and objectives, as well as preliminary Membership criteria and requirements.

The founders saw OPEC as a forum "for regular consultation among its Members with a view to coordinating and unifying the policies of the Members and determining, among other matters, the attitude which Members should adopt whenever (challenging market) circumstances … have arisen," as the Resolutions of the First OPEC Conference put it.[4]

"In order to organize and administer the work of the Organization," the Resolutions stated, "there shall be established a Secretariat for the Organization of the Petroleum Exporting Countries."[5]

Moreover, they held the doors wide open to others, stating that "any country with a substantial net export of crude petroleum can become a new Member if unanimously accepted by all five original Members of the Organization."[6]

Dr Pérez Alfonzo and the other ministers were also very much aware of the 'prorationing' practice of the Railroad Commission of Texas (RRC), which issued its first 'Statewide Proration Order' on 14 August 1930, "with effective date of 27 August 1930 to limit the production of the state to 750,000 barrels per day."[7]

The initial resolution signalled a fundamental change for the global oil industry, signifying that oil producing countries were no longer willing to tolerate 'business as usual'. In an interview with the *OPEC Bulletin* in September 2010, OPEC Secretary General, Abdalla Salem El-Badri, said the Five Founder Members "took a very courageous action when they said that enough was enough and they set up OPEC to defend their legitimate interests. In the context of the times, which were very different to those of today, this in itself was a major achievement."[8]

In the same publication, Ali Al-Naimi, Saudi Arabia's Minister of Petroleum and Mineral Resources, recalled his time as a young geologist working for Saudi Aramco in the Arab Petroleum Congresses organized by the League of Arab States, and paid a special tribute to the 'Founding Fathers'. He noted specifically Al-Tariki and Dr Pérez Alfonzo, "who had the vision and the political support from the leadership of their countries to pursue relentlessly what was considered then a change in the rules of the game."[9]

Seymour underscored that "these initial resolutions can well be regarded as a 'charter for change' in the world industry."[10] Henceforth, the producer governments would have to have an equal, if not a decisive role in decisions impacting their oil industry. It represented the beginning of the end of the exclusive rights demanded by the IOCs in concession agreements and their ability to control all decision-making.

"We have formed a very exclusive club," Dr Pérez Alfonzo told Fuad Itayim, then editor and publisher of the *Middle East Economic Survey (MEES)*. He was one of the very few journalists to have been present at the birth of OPEC. Dr Pérez Alfonzo added: "We are now united. We are making history."[11] However, it would take another decade before OPEC, whose Membership would by then have doubled in size, could start making serious progress towards addressing the grievances and injustices that had built up over decades in the oil market.

For a final word on OPEC's birth, the Iranian economist, Jahangir Amuzegar, wrote in September 1982 that this was practically inevitable: "Sooner or later (and clearly sooner than later) an OPEC-like institution had to emerge from the deprivation, frustration, anger and rising self-confidence of the producing countries. The necessity of oil conservation, energy efficiency and global equity would also have required the invention of a disciplinary mechanism of one form or another. OPEC happened to become this particularly needed instrument."[12]

The Five Founding Fathers

***Dr Fuad Rouhani**, Head of the Delegation of Iran, and accompanying delegates.*

***Dr Tala'at al-Shaibani**, Head of the Delegation of Iraq, and accompanying delegates.*

Ahmed Sayed Omar, *Assistant to the Secretary of State, Ministry of Finance, Head of the Delegation of Kuwait, and accompanying delegates.*

Abdullah Al-Tariki*, Minister of Petroleum, Head of the Delegation of Saudi Arabia, and accompanying delegates.*

*Venezuelan Delegation at the 'Baghdad Conference' (****Dr Juan Pablo Pérez Alfonzo****, Minister of Mines and Hydrocarbons, headed the Delegation).*

The Al-Shaab Hall in Bab Al-Muadham, Baghdad, Iraq.

Baghdad was the birthplace of OPEC in 1960.

Photo courtesy Zuhair Kaka — scan from the original work, Public Domain, https://commons.wikimedia.org/w/index.php?curid=75610016

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BAGHDAD PARLEY APPROVES PERMANENT ORGANIZATION; CARACAS TALKS SCHEDULED

Baghdad 9/15—Arab-Iranian-Venezuelan oil price conference here ended late yesterday with unanimous agreement on series of decisions—including formation of coordinating organization to include four Middle East states and Venezuela.

Text of decisions wasn't immediately disclosed, and is due to be announced by participating governments on Sept. 24. All delegates, however, were said to have pledged their governments to confirm the decisions and to apply them.

Sources here said delegates unanimously decided that their oil-exporting countries would:

—Not keep their hands tied if companies attempt future fluctuation in crude prices, and will demand that companies maintain stable prices.

—Do everything possible to bring about adjustment in current prices to levels prevailing before latest price breaks.

—Reaffirm principle of consultations between governments and companies on future developments.

—Join in study of measures to maintain price stability, including schemes for limitation of world's production.

—Set up special organization to undertake periodic consultations to coordinate and unite oil policies and take joint decisions and action to safeguard mutual interests.

With regard to latter point, organization is to have permanent secretariat, and the five participants in conference—Iraq, Venezuela, Kuwait, Iran and Saudi Arabia—are to be considered as founding members. (Qatar participated in conference as observer.)

Membership in organization will be open to "important" exporters, if charter members concur. A commission will meet here not later than December to set up permanent secretariat, draft by-laws and prepare agenda for next exporters' parley.

Juan Pablo Perez Alfonzo, oil minister of Venezuela, told OILGRAM second meeting of exporting countries will convene in Caracas on Jan. 15, at his invitation.

In their closing speeches at conference, chiefs of delegations stressed "full cooperation, deep comprehension and usefulness of the conference." Conference chairman Talaat Shaibani (acting Iraq oil minister) said he thought decisions taken were extremely important and added that he hoped governments will carry them out.

Shaibani said decisions stemmed from desire of exporting states that price fluctuations shouldn't affect their national economies. Decisions, he said, weren't aimed at hurting other parties—companies and consuming countries.

OIL DISCOVERY DOUBLING NEEDED EVERY 20 YEARS, UK OIL MAN TELLS NPA

Atlantic City 9/15—Search for oil will have to be intensified within next 20 years, despite present world surplus, to assure adequate supplies for increased populations and rapid progress in industrialization, Sir Stephen Gibson, chairman of permanent council of World Petroleum Congress, told National Petroleum Assn. annual meeting here today.

Sir Stephen said Middle East might find another 75-million b/d in next 20 years, and added that "The rest of the world will have to find about 100-million b/d."

With population doubling every 40 years, discovery of oil should double every 20 years, Sir Stephen said. Explanation for this, he said, is close correlation between per-capita use of power and per-capita income.

U.S., with largest per-capita use of energy, also leads world in standard of living, he noted. Other nations, particularly those in Western Europe, and U.S.S.R., will try to match U.S. living standards in next 20 years, Sir Stephen said, and therefore will increase their use of oil and other energy sources at faster rate than in the past.

U.S. has been fortunate because of economic climate favorable for wildcatters, Sir Stephen said. This has contributed to steady progress in oil discovery here, he commented, much of it through individual efforts.

However, Sir Stephen said, "Development of oil overseas is too big for individuals.

"I personally would be chary of starting any operation overseas unless I could see an operation of at least 100,000 b/d," he said.

Sir Stephen also told NPA that search for oil overseas is costly and said that in one instance $50-million was invested in an area before a single barrel of oil was produced. Yet, he said, fields are so large that once they are brought in, oil becomes relatively cheap.

"Considerable restraint" in production must be exercised when large fields are discovered, Sir Stephen said, because of problem of price weakness.

Because of this, he said, large companies are best suited to develop oil overseas. Such companies can afford to leave oil in the ground until a later period when demand for it is greater, he said. He noted, however, that countries in which oil is discovered usually apply pressure to get maximum production because they want to obtain taxes or royalties as quickly as possible.

OPEC's birth as reported by Platt's Oilgram News Service.

Chapter 3: Finding its Feet

October 1960-73

When the small group of five developing countries announced OPEC to the world on 14 September 1960, the Beatles were four unknown boys from Liverpool, John F Kennedy had not yet been elected US President and Nigeria was still a few weeks away from being granted full independence from Britain.

It was a time of hope for many in the world, and a promise of more to come; a time of change, where opportunities were in abundance and potential was ripe for initiating progress.

The Founder Members of OPEC, all developing ones and with their principal industrial sectors centred round their large reserves of the much demanded crude oil, were infused with positivity and optimism about where the decision taken in Baghdad would take them in the years ahead.

It was tiny steps at first, with the focus initially on consolidation. One of the first steps towards gaining legitimacy for the fledgling Organization was to announce its existence. And so, on 24 September 1960, the Agreement[1] that had established OPEC ten days earlier was published simultaneously in the capital cities of the five Founder Member Countries, Baghdad, Caracas, Kuwait City, Riyadh and Tehran.

OPEC's Agreement from September 1960 went on to be registered at the United Nations (UN) Secretariat on 6 November 1962, under UN Resolution No 6363. Later, OPEC also established relations with the UN Economic and Social Council (ECOSOC) under UN Resolution No 1053, adopted on 30 July 1965.[2]

The Founder Members, in establishing OPEC, acted in strict observance of UN principles and purposes. As a result of the conformity between the principles and purposes of the UN and those of OPEC, the OPEC Secretariat has become a regular participant in meetings of various institutions and specialized agencies of the UN.

On 4 December 1960, the five Member Countries, meeting in Baghdad again, formed a sub-committee to discuss the Organization's budget, statute and the location and structure of its headquarters. The nascent intergovernmental body also commissioned its first studies, focusing mainly on integrated oil operations at the international level. As Seymour put it, the two years following the Baghdad Meeting of the Conference of September 1960 were generally spent on "setting up a permanent Secretariat … and commissioning studies, mainly on the financial aspects of integrated oil operations on an international scale, to provide the data back-up for future plans of action."[3]

However, while internal discussions continued about how best to proceed, the IOCs refused to recognize OPEC as a body representing the interests and concerns of the oil exporters at negotiations and other meetings. Instead, they insisted that each company or consortium could only negotiate with the individual government with which it had negotiated the original concessionary agreement.

The Second Meeting of the Conference was held four months after OPEC's establishment, and this was on the other side of the Atlantic Ocean in Caracas, Venezuela, on 15–21 January 1961. This was significant in several respects. First, Geneva, Switzerland, was chosen as the location for the Organization's executive body, the Secretariat. Secondly, Dr Rouhani was appointed as the first Chairman of the Board of Governors (BoG) and thus the *de facto* first Secretary General. (The BoG met for the first time in the first half of 1961, and in 2020 it continues to act as a bridge between the Conference — which is itself defined as 'the supreme authority of the Organization' — and the work of the Secretariat.)

Thirdly, Qatar was admitted as the first Full Member that was not a Founder Member, and it would be followed in the next 12 years by Indonesia and Libya in 1962, Abu Dhabi in 1967, Algeria in 1969, Nigeria in 1971, and Ecuador in 1973.[4] (At its own request, Abu Dhabi's Membership was transferred to the United Arab Emirates (UAE) in 1974).

And fourthly, the original version of the *'OPEC Statute'*, which dealt mainly with the structure and functions of the Organization, was finalized and approved; a revised version in 1965 would add a section on OPEC's objectives. It has certainly stood the test of time, with OPEC's mission in 2020 still focused on coordinating the petroleum policies of its Member Countries and ensuring the stabilization of oil markets in order to secure an efficient, economic and regular supply of petroleum to consumers, a steady income to producers and a fair return on capital for those investing in the petroleum industry.

The Caracas meeting built on the initial structure laid down in Baghdad. Dr Pérez Alfonzo, in his speech to attendees, noted that "we did not look for spectacular successes," with a focus at the Second Meeting of the Conference on establishing "the administrative basis of the Organization."[5]

There was evidently a spirit of cooperation infused into the Caracas meeting, which Dr Rouhani said in his closing speech to the meeting had been the "happy Conference."[6] This also went beyond the OPEC Countries present, with Mohamed Salman, Iraq's Minister of Oil, stating in his address that “it is with this spirit of understanding cooperation that we would conduct OPEC affairs with the oil companies operating in our countries.”[7]

The meeting also tasked the new Secretary General with negotiating a host agreement with the Swiss government, which Dr Rouhani recalled as follows. “When I arrived in Geneva early in 1961, we had no office and I sat in the Venezuelan Consulate and I used the Consul’s office for about a month, while conducting my negotiations with the Swiss government. I went to Bern, I spoke to the Ministry of Foreign Affairs and they accepted that OPEC should start its Secretariat in Geneva.

“But they said that they would not extend to the Organization full diplomatic immunity, because, at that time, they had a great deal of difficulty with regard to the question of immunity as applying to the organizations of the UN and other organizations.

“All we required from them was, first of all, protection of our establishment, the archives and the offices of the Secretariat being recognized as an international establishment. I also needed authority to be able to bring in, at that time, I figured just offhand, 40 employees from among the Member Countries, without any conditions being set.”[8]

It was an issue that would continue to challenge the OPEC Secretariat’s existence in Geneva in those early years, and led it to bidding farewell to the city in August 1965.

The Secretariat’s first address in Geneva was Quai du Général-Guisan 12, but it did not reside there for long. The June 1962 issue of the *Inter-OPEC Newsletter* takes up the story: “On the 15th of June, the Secretariat moved from its cramped former offices on Quai (du) Général-Guisan to its new headquarters near the Palais des Nations on the ground floor of 35 avenue de Budé, which consists of an area of 800 square metres, with over 25 rooms and a large conference room/library. This will enable the Organization to hold its Conferences within the Secretariat in future, rather than outside as in the past."[9]

Negotiations with IOCs

The Fourth Meeting of the Conference, chaired by Saudi Arabia's new Minister of Petroleum and Mineral Resources, Sheikh Ahmed Zaki Yamani, who would be a key figure in OPEC's development over the next two and a half decades, turned out to be especially important.

Held at OPEC's new headquarters in Geneva for the first time over two sessions in 1962 — 5–8 April and 4–8 June — it adopted a series of resolutions that formalized OPEC's demands to the IOCs.

As Seymour explained, the Conference dealt with a mechanism to establish fair prices. Additionally, the Conference recommended an 'expensing-of-royalties' formula, which previously had been considered separately, and the elimination of any contribution to the marketing expenses of IOCs (the so-called 'marketing allowances'). Until then, the oil companies had, under existing concessions, benefited from the allowance of certain pre-tax deductions from gross income — by which they could reduce the amount of taxable income paid to the oil producing country.[10]

Needless to say, the reaction of the IOCs was confrontational, and it also created some pressures on the fledging group of OPEC producers. It was not all plain sailing; to evolve required determination, courage and flexibility. Seymour said that "the royalty-expensing negotiations provided OPEC's baptism of fire in the field of collective confrontation with the oil companies. It was a long, hard slog which put a very heavy strain — probably the heaviest — on inter-OPEC solidarity."[11]

Making the negotiations more difficult were global economic conditions and over-supply in the oil market, both of which gave the IOCs greater economic power than they might otherwise have had.

OPEC continued to look for options that suited all parties and was also open about the focus on all industry stakeholders. At the Fifth Meeting of the Conference, HRH Prince Abdul Aziz Bin Salman Al Saud of Saudi Arabia opened the meeting and said: "I also wish to emphasize that this Organization seeks the welfare of producers and consumers alike. It is my great hope, therefore, that its aims will not be misunderstood. It has no intention of encroaching on anybody's rights; on the contrary, it aims at legitimate cooperation for the benefits of all."[12]

An important shift in the negotiations took place in August 1963, when Member Countries delegated authority to Secretary General, Dr Rouhani, to negotiate on their behalf with the oil companies. Negotiations now proceeded between a three-man negotiating team from OPEC and a three-man negotiating team appointed by the IOCs. But still no progress was made and, as Seymour noted "further negotiations in March 1964 failed to bring about any substantive change in the companies' offer."[13]

Finally, at the Seventh Meeting of the Conference in Jakarta on 23–28 November 1964, a partial settlement was reached reflecting the differing attitudes of Member Countries to this issue, with some signing agreements with the IOCs and others declining to do so.

Dr Rouhani's time as Secretary General came to an end on 30 April 1964, and in a 1990 *OPEC Bulletin* interview he offered some reflections. "I think the period of my mandate as Secretary General of OPEC was the most satisfying (his career spanned 45 years) because it fitted into an ideal to which I have always been attached throughout my whole career — that is, being in the position to help towards the promotion of international understanding, fellowship and cooperation. And I had that feeling in OPEC."[14]

He also said with an acute sense of nostalgia: "At that time, of course, the world knew that the producing countries were an oppressed group, which was denied its rights by the major oil companies and the governments standing behind them. The whole world knew this situation and so treated with understanding and respect those small producing countries that were fighting the companies in order to restore their rights."[15]

Calling Vienna home

Dr Abdul Rahman Al-Bazzaz of Iraq became OPEC's second Secretary General at the beginning of May 1964 and over the next year would be involved in the talks between OPEC and the Austrian authorities that would see the Secretariat relocate to the Austrian capital. At the time, Vienna was not the only option considered, with many other candidates discussed. Rome and Beirut were considered as serious possibilities during talks at Ministerial and Governor-level meetings in 1964.

However, it was Vienna that won the day, with OPEC's third Secretary General, Kuwait's Ashraf T. Lutfi, who assumed his mandate at the start of May 1965, signing the Host Agreement with Dr Bruno Kreisky, the Austrian Foreign Minister. It marked the beginning of a relationship that has grown and strengthened over the years.

The Secretariat was relocated to Vienna on 1 September 1965. Its address was Möllwaldplatz 5 in the city's Fourth District. Just over a year later, on 1 February 1967, it would find more spacious premises at Dr Karl Lueger-Ring 10 in the central First District, now Universitätsring 10, where it would remain for a decade *(see Chapter 13).*

The 'Declaratory Statement'

At various Meetings of the Conference in the following years, OPEC would continue to actively support its Member Countries in their dealings with independent operators.

This included the 11th Meeting of the Conference in Vienna on 25–28 April 1966 that recommended the complete elimination of the allowances granted to the IOCs by each Member Country, and further stipulated that all affected Member Countries should apply posted or reference prices for the purpose of determining the tax liability of the oil companies operating in their territories. These were important decisions that, once again, allowed the Organization to flex its muscles and assert its interests, in the face of continuing resistance from the oil majors.

It was also a period when national oil companies (NOCs) were becoming increasingly important, as more and more oil producing countries began to shake off the yoke of colonial domination and find ways of managing their own resources and building up their own economies. Rather than being dependent on the IOCs, many of these countries set up their own NOCs.

To support this development, the Organization held a Meeting of Representatives of the NOCs of OPEC Member Countries in Maracaibo, Venezuela, on 17 October 1966. An important recommendation from this meeting dealt with conducting a study of different ways of coordinating the entry of these new state enterprises into the existing global set-up of oil companies. In many cases, these were brand new creations and finding how best to insert themselves into the established world of petroleum marketing and trading was the immediate challenge facing them.

The second Representatives' meeting in Djakarta, Indonesia, on 6–10 November 1967 authorized the Secretary General to commission a study by the UK's Economist Intelligence Unit on the coordination of the policies of all Member Country NOCs in the international market, with a long-term view to establishing greater negotiating power as a group of NOCs, rather than as individual ones. Another important recommendation was the setting up of a Coordination Committee to enhance collaboration in NOC activities and propose programmes of action, and this met for the first time in Vienna on 27–30 May 1968.

All in all, these two bodies each met five times, and the press release from the last of these gatherings, the fifth Representatives' meeting in Kuwait on 24–26 October 1970, stated: "The meeting reviewed the report submitted by the Coordination Committee and adopted unanimously several recommendations for the promotion of cooperation among the NOCs of OPEC Member Countries and the coordination of their policies in the international market in their common interests. The recommendations will become effective after they are duly approved by the respective authorities of the NOCs."[16]

Of particular significance in all this was the fact that, increasingly, OPEC was consolidating itself into an Organization that acted and spoke on behalf of its Member Countries. Moreover, the gradually increasing presence and strength of the NOCs had started to focus attention on the changing circumstances in those very oil producing countries that the IOCs had exploited for so long.

This provided OPEC with the confidence to adopt one of its landmark documents in 1968, with Francisco R. Parra from Venezuela at the helm as the fifth Secretary General for the then statutory period of one year. In the summer of 1968, at the 16th Meeting of its Conference in Vienna on 24–25 June, the Conference adopted the 'Declaratory Statement of Petroleum Policy in Member Countries'.[17]

In 2004, F. Parra provided a firsthand account of its drawing up. He noted that after a period of reflection to review the current state of the Organization, "I decided that Resolution 5.41 of 1963, providing for the compilation of a code of uniform petroleum laws for Member Countries, was a suitable excuse to work on a set of basic policy principles which, with the help of the Head of the Legal Department, Dr Hasan Zakariya (an Iraqi, Harvard-trained lawyer), I drafted in the first few months of the year."[18]

Ian Skeet, in *OPEC: Twenty-five years of process and policies,* said that F. Parra was as a technocrat and analyst, entirely suited to leading this situation. "He realized that the pursuit of a uniform petroleum law was leading OPEC down a cul-de-sac. What was required was a statement of principles from which specific objectives could be drawn. He set about drafting such a statement, then travelled to the Member Countries and obtained, with occasional amendments, their support."[19]

The provisions of the 'Declaratory Statement' were built upon its preamble about the inalienable right of all countries to exercise permanent sovereignty over their indigenous natural resources in the interests of national development, the exploitation of which natural resources should be aimed at securing the greatest possible benefit for Member Countries.

F. Parra noted that the 'Declaratory Statement' incorporated nine basic principles, and two of them would play an immediate and important role in subsequent developments.[20] He stated that "the implementation of these principles would, of course, transfer control over most key aspects of the concession-holding companies to the governments of the host countries."[21]

In later years, the 'Declaratory Statement' became a byword for a turning point in OPEC's history and in the policies of its Member Countries, by providing vision and intellectual weight to OPEC's actions.

F. Parra quoted Ali M. Jaidah, OPEC Secretary General in 1977–78, from Jaidah's 'Anniversary recollections' of September 1978, that the "'Declaratory Statement' of Petroleum Policy in Member Countries [was] perhaps the most significant act by OPEC in its first decade and one which set the stage for the Organization's later actions."[22]

A more immediate consequence, however, occurred just a few months afterwards, with the adoption, by the 17th Meeting of the Conference in Baghdad on 9–10 November 1968, of a 'Pro Forma Regulation for the Conservation of Petroleum Resources'. The preface to this regulation recalled the principle on conservation in the 'Declaratory Statement': "Operators shall be required to conduct their operations in accordance with the best conservation practices, bearing in mind the long-term interests of the country."[23]

It continued: "Subsequently, the Secretariat of the Organization undertook the formulation of a set of rules aimed at the prevention of waste in petroleum operations, in accordance with best oil field practices. It is felt that the present 'Pro Forma Regulations' meet all the essential requirements of a balanced conservation programme to safeguard Member Countries' long-term interests in the development of their petroleum resources."[24]

The discussions and decisions from the final three Meetings of the Conference of the 1960s (17th, 18th and 19th) demonstrated the Organization's growing knowledge, judgement and assertiveness in fostering the interests of its growing number of Member Countries. This included the principles of participation by IOCs in production activities in Member Countries, support for Algeria and Libya in their dealings with independent operators and in implementing regulations concerning the conservation of natural resources.

These underlined the fact that OPEC was not just a temporary phenomenon, rather, it was here to stay. Over its first decade of existence, OPEC had brick-by-brick, and despite some testing times and uneasy relationships, laid an organizational platform that would stand it in good stead for the challenges to come. It had contributed to a growing understanding and appreciation of the industry among populations in Member Countries. And it had doubled in size, expanding from five Member Countries in 1960 to ten as the world entered the 1970s.

Landmark agreements

When dawn broke on 1 January 1970, nobody had any idea of how the new decade would re-shape the world. This was not only in terms of the decade's legendary fashion, or music, which started the period with progressive rock in the ascendancy and ended it with punk rock to the fore, but also the dramatic changes that would occur in the oil industry and, in particular, the opening years of the decade. It would be a period of great change in the industry, with repercussions that would extend much further afield than the energy sector.

The *OPEC Annual Review and Record* for 1970 (the publication evolved into the *OPEC Annual Report* in 1977) said that the year "marks a turning point in the history of the oil industry." It was characterized by a major shift in the balance of bargaining power between the producing countries and operating companies.[25]

The mid-to-late 1960s and early 1970s was in the main, a period of high economic growth for the industrial world, with some even suggesting it was an out-and-out boom. In fact, the term 'boom' may do justice to the actual increase in oil demand. OPEC Secretariat numbers show that global oil demand grew from just over 21 million barrels a day (mb/d) in 1960 to 46 mb/d in 1970 and then to 56 mb/d by 1973. It was an unprecedented expansion, not witnessed before or since.

There were also significant developments in some OPEC Member Countries, with a focus on the Mediterranean, specifically Libya and Algeria.

It began in Libya in 1970, with the new government mounting a successful challenge to their concessionaire oil companies, many of whom were independents, aided by various developments on the economic front. The Libyan government succeeded in eliciting a positive change in terms of posted prices, plus a hike in its share of profits from 50 to 55 per cent.

Yergin underlines the significance of these negotiations: "The Libyan agreements decisively changed the balance of power between the governments of the producing countries and the oil companies. For the oil exporting countries, the Libyan victory was emboldening."[26]

The 20th Meeting of the Conference on 24–26 June 1970 reaffirmed its solidarity with Algeria, which hosted the event in Algiers, in its negotiations with the French oil companies. The Algerians were disappointed with the exploration investment forthcoming from France (the former colonial power), not to mention the fiscal terms relating to Algerian oil lifted by French companies. The Conference also supported Iraq's position with respect to the production policy of the concessionary oil companies and the implementation of the royalty-expensing formula there.

It was the beginning of long and often tortuous negotiations between OPEC Member Countries and IOCs that would initially lead to the 'Tehran Agreement' on 14 February 1971. The five-year agreement between six Gulf Member Countries and 23 IOCs, related to realigning the relationship between oil producing countries and IOCs, is viewed as a seminal event in the history of the Organization.

A similar agreement, but with more stringent terms between Libya and the oil companies, followed on 2 April, and this became known as the 'Tripoli Agreement'.

From April to June 1971, further related developments took place, and by mid-1971 F. Parra said that "everything had changed."[27]

Matters took a new twist in August 1971, when the US unilaterally terminated convertibility of the US dollar to gold. In reality, this ended the Bretton Woods system. The floating of the dollar and its later devaluation put much pressure on oil producing countries, with oil transactions being denominated traditionally in this currency.

A month later on 22 September in Beirut, Lebanon, the 25th (Extraordinary) Meeting of the Conference decided that all Member Countries concerned would establish negotiations, either individually or in groups, with the IOCs regarding state participation in oil concessions and, more importantly, adopt any methods that might offset the possible adverse effect on the per barrel real income of Member Countries resulting from the dollar's *de facto* devaluation. The 26th Meeting of the Conference in Abu Dhabi on 7 December 1971 called for representatives of the major oil companies to meet with Member Country ministers in January 1972 on both the dollar and participation issues.

Reflecting on the events of 1971, the *OPEC Annual Review and Record* for that year said: "The first concrete result of this interaction of market forces (in 1970/71) was the emergence of OPEC as a powerful, internationally recognized oil policy instrument, capable of playing an effective role in the international oil industry."[28]

The year 1972 was just as busy for OPEC, with further detailed discussions with IOCs and another five Meetings of the OPEC Conference, two Ordinary and three Extraordinary.

The first key date was 20 January, when "after 11 days of intensive discussions," as the closing press release put it, Member Countries reached an accord in Geneva with the oil companies under the so-called 'Geneva I Agreement', included provisions for further adjustments to oil revenue, which was supplemental to the 1971 'Tehran Agreement'.

This was followed by two Extraordinary Meetings of the OPEC Conference (27th and 28th) in Beirut and the 29th Meeting of the Conference held in Vienna from 26–27 June, which confirmed the more confident approach of oil producers, specifically in expressing a determination to participate in oil concessions and to take concerted action if government company negotiations failed.

Then, at the 30th (Extraordinary) Meeting of the Conference, in Riyadh on 26–27 October, the Organization reviewed with satisfaction a Draft (General) Agreement on Participation reached between Abu Dhabi, Kuwait, Qatar and Saudi Arabia, and a number of IOCs, and stated that the realization of effective participation marked "a turning-point in the history of the oil industry and benefiting the interests of the countries concerned and their peoples."[29] The *OPEC Annual Review and Record* for 1972 highlighted that this may well be "the harbinger of an era of real state control over Member Countries' natural resources."[30]

The achievements of OPEC Member Countries in recent years was referenced by Saudi Arabia's Sheikh Ahmed Zaki Yamani, who presided over the 30th Meeting of the Conference in Riyadh. In his opening remarks, Yamani said development in recent years had been "a fundamental turning point in the international oil industry, bringing OPEC prominently to the fore." He also added that for OPEC Member Countries "the aim was to go along in cooperation and not in confrontation."[31]

The following year, 1973, saw oil producers face one of their biggest challenges, when the dollar was officially devalued by ten per cent in February. With oil transactions denominated in dollars, this meant an immediate drop in the value of the revenue earned by exporters.

As a result, the 32nd (Extraordinary) Meeting of the Conference, which was held on 16–17 March in Vienna, set up a Ministerial Committee to review the implications of the devaluation. This Committee, attended by all Member Countries, met in Beirut, Lebanon, on 22 March, and established a negotiating team, composed of the Heads of Delegation of Iraq, Kuwait and Libya, to engage in talks with the IOCs to amend and renegotiate the 'Geneva I Agreement' with a "view to obtaining full compensation as a result of the devaluation of the dollar and to avoid any future loopholes," as the accompanying press release put it.[32]

After much to-ing and fro-ing, the talks finally took place in Geneva more than two months later and resulted in the historic 'Geneva II Agreement', which amended the original accord of that name dating from January 1972.

Some of the main points of the new agreement, announced on 1 June 1973, included expanding the basket of currencies from nine to 11 — "to make it more broadly representative of major currency movements against the US dollar" — and the introduction of several modifications to the formula designed to make it more sensitive and responsive to changing international monetary relationships — "in order to provide greater protection against changes in value of the US dollar."[33]

However, that was not the end of the story.

With global oil demand expanding by around 6 mb/d over the three-year period 1970–72, and by over 4 mb/d alone in 1973,[34] the market was becoming ever tighter with little available spare capacity, and the US was becoming more and more reliant on imported oil. Seymour noted: "In late 1972 all the main market indicators — tanker freight rates, refined product prices and spot crude prices — began taking off all at once and continued their upward climb in 1973."[35]

On 15–16 September, the 35th (Extraordinary) Meeting of the Conference in Vienna, in reviewing the prevailing market conditions and galloping world inflation, emphasized that past agreements were no longer compatible with the current situation. It was agreed, therefore, that Member Countries would negotiate individually or collectively with the representatives of oil companies to revise the terms of the agreements.

The talks between Member Countries and the IOCs, however, were to break down less than a month later, after protracted negotiations.

Dr Abderrahman Khène from Algeria, who was OPEC Secretary General in 1973 and 1974, takes up the story. "In the circumstances, and following a harsh winter in Northern America, coupled with what appears to have been inadequate refining capacity in the US, as well as other major and well-known international developments, the price of oil soared to new heights."[36]

The "well-known international developments" included the Arab-Israeli War that broke out in the Middle East on 6 October 1973 and an oil embargo imposed by producers in that part of the world, in solidarity with the Arab cause.

The oil embargo came out of a meeting of the Organization of Arab Exporting Countries (OAPEC) on 17 October that saw producers agree to adjust down their production in a series of measures until such time that occupying forces had evacuated all Arab territory occupied during the June 1967 war and the legitimate rights of the Palestinian people were restored.

The measures began to be relaxed towards the end of 1973 and had largely disappeared by the end of March 1974, but it would prove to be a turning point in the history of the oil and energy industry.

Dr Khène added that these times also coincided with a period where a general debate about the looming energy crisis was gaining momentum and started to feature high in the international agenda. "Fingers were again pointed at OPEC Countries," he said.[37] "Consequently, it took OPEC to explain how too low a price over too long a period had indeed generated a wasteful use of oil as a vital commodity of critical importance. Thus, OPEC — as a group of oil sellers — found itself in a precursory role: that of an advocate for a more responsible consumption pattern, encouraging the high-consuming countries to take the necessary measures for energy conservation."[38]

This way of thinking was also underscored by Giuliano Garavani when stressing that the clearest example of this "environmentalist" thinking by the beginning of the 1970s came from one of OPEC's founders, Dr Pérez Alfonzo. "By the end of the decade (1960s) he had become a ferocious critic of petromodernization based on ramping up production and overconsumption of natural resources."[39]

Looking back on that period of profound change in the early 1970s, it is clear that the landmark agreements of that time — Tehran, Tripoli, Geneva I and Geneva II — merited their place in history and constituted defining acts in the fundamental realignment of the oil industry at that time, resulting in a far better and more equitable balance between the interests of the producing and consuming countries.

*The **1st Meeting of the OPEC Board of Governors (BoG)**, Geneva, Switzerland, 3 May 1961. Dr Fuad Rouhani was appointed as the first Chairman of the BoG and thus the de facto first Secretary General. (The BoG met for the first time in the first half of 1961, and in 2020 it continues to acts as a bridge between the Conference — which is itself defined as 'the supreme authority of the Organization' — and the work of the Secretariat.)*

Heads of Delegation at the ***Second Meeting of the OPEC Conference,*** *held four months after OPEC's establishment, Caracas, Venezuela, 15–21 January 1961.*

The ***Fourth Meeting of the OPEC Conference****, was held at OPEC's new headquarters in Geneva over two sessions in 1962 — 5–8 April and 4–8 June — and adopted a series of resolutions that formalized OPEC's demands to the IOCs.*

*The **Fifth Meeting of the OPEC Conference**, Riyadh, Saudi Arabia, 24–25 November 1962, was chaired by Saudi Arabia's Minister of Petroleum and Mineral Resources, Sheikh Ahmed Zaki Yamani.*

*The **Seventh Meeting of the OPEC Conference**, Djakarta, Indonesia, 23–28 November 1964, was presided over by Chairul Saleh.*

*Crowds gather at the **Seventh Meeting of the OPEC Conference**, Djakarta, Indonesia.*

The signing of the Host Agreement *with Dr Bruno Kreisky (l), the Austrian Foreign Minister, and OPEC's third Secretary General, Kuwait's Ashraf T. Lutfi, marked the beginning of a relationship that has grown and strengthened over the years.*

Delegates at the ***12th Meeting of the OPEC Conference****, Kuwait, 4–8 December 1966.*

The ***13th (Extraordinary) Meeting of the OPEC Conference,*** *Rome, Italy, 15–17 September 1967.*

The ***14th Meeting of the OPEC Conference,*** *Vienna, Austria, 27–29 November 1967. At this meeting, the "Conference admitted, as the Ninth Member of OPEC, the Sheikhdom of Abu Dhabi in view of the fact that it has the necessary qualifications for admission as laid down in Paragraph 3 of Resolution 1.2."*

At the ***16th Meeting of the OPEC Conference****, Vienna, 24–25 June 1968, the Organization adopted the historic 'Declaratory Statment of Petroleum Policy in Member Countries'.*

The Saudi Arabian delegation at the ***20th OPEC Conference****, Algiers, Algeria, 24–26 June 1970.*

The ***21st OPEC Conference,*** *Caracas, 9–12 December 1970.*

The ***24th OPEC Conference****, Vienna, 12–13 July 1971.*

*The **25th (Extraordinary) OPEC Conference**, Beirut, Lebanon, 22 September 1971.*

*The **32nd (Extraordinary) OPEC Conference**, Vienna, 16–17 March 1973.*

*The **35th (Extraordinary) OPEC Conference**, Vienna, 15–16 September 1973.*

*The **36th Meeting of the OPEC Conference**, Vienna, 19–20 November 1973.*

Chapter 4: Overcoming Hurdles

1974-89

By the end of 1973, OPEC had grown into a group of 12 developing oil producing countries; an Organization that was becoming an established part of the global oil industry.

This was emphasized by Seymour, who said that by early 1974 Member Countries had taken into their own hands all the effective levers of power at the crude oil producing end of the industry.[1] "No longer could the oil producing areas be treated as a mere cog in the machine of the international economic order created by the industrialized nations and their major multinational oil companies,"[2] he said, adding that it was the first time that any group of raw material producers in the Third World had done such a thing.[3]

The year 1974 would be another intense one for the Organization, with six Meetings of the OPEC Conference; one more than in 1973, and with many ups and downs. The global economy too was beset with many challenges as it faced the concurrent trilemma of high inflation, a major international payments imbalance, and a decline in economic growth. Moreover, global oil demand fell by over 800,000 b/d.

Globally it was a year that also witnessed great falls from grace, with US President Richard Nixon announcing his resignation on 8 August, and great comebacks, with Muhammad Ali knocking out George Foreman in eight rounds in Kinshasa to regain the Heavyweight title that had been stripped from him seven years earlier.

Towards the end of January 1974, the 'participation issue' clarified itself somewhat when Kuwait signed an agreement with its concessionaries (BP and Gulf Oil), providing for 60 per cent government participation in the producing venture. This action was followed by many other Gulf (as in the Middle East region) producers — Saudi Arabia, Qatar and Abu Dhabi — following the example, with all the agreements backdated to 1 January 1974.

It was evident throughout 1974 that the issue of high inflation was a major concern for OPEC Members, which was highlighted in the press release following the 41st (Extraordinary) Meeting of the Conference on 12–13 September.[4] It stated: "The Conference wishes to recall that it has previously warned the industrialized countries that measures should be taken to contain the alarming rates of inflation which continually erodes the purchasing power of the oil revenues of the producing countries.

"The Conference also decided that as of January 1975 the rate of inflation in the industrialized countries will automatically be taken into account with a view of correcting any future deterioration in the purchasing power of the Member Countries' oil revenue."[5]

In November 1974, the International Energy Agency (IEA) was created.[6] The period from the end of 1975 and the middle of 1977 was also a time of North-South Dialogue, between OPEC, the Organization for Economic Co-operation and Development (OECD) members and oil importing developing countries.

Establishment of the OPEC Development Fund

In a completely different area altogether, OPEC advanced its solidarity with other developing countries in their quest for economic and social development and in tackling dire poverty in early 1974.

At the 37th (Extraordinary) Meeting of the Conference convened in Geneva from 7–9 January 1974, it was noted in the press release that "considering the situation of the developing consuming countries, the Conference decided among other things to request the Ministerial Committee on Energy Crisis to expedite studies already underway for the creation of a Financial Institution for Development and report to the next Ordinary Meeting of the Conference."[7]

This further evolved in subsequent months before OPEC met at the 39th (Extraordinary) Meeting of the Conference in Geneva on 7 April 1974.

OPEC Secretary General at the time, Dr Khène, takes up the story in a 2010 commentary provided to the OPEC Secretariat. "The steep increase in oil prices was causing a very difficult situation for the newly independent developing countries, imposing a heavy toll on their strained balances of payments. OPEC Countries, therefore, reacted promptly by deciding to establish a collective technical and financial institution supplementing the existing bilateral aid institutions of some of their Member Countries."[8]

The Conference decided to establish an 'OPEC Development Fund', which garnered added impetus at the First OPEC Summit — or, to give its correct title, the 'Conference of Sovereigns and Heads of State of OPEC Member Countries' — in March 1975, leading to the creation of a slightly renamed 'OPEC Special Fund' in early 1976. Four years later, in May 1980, this would be reconstituted into the 'OPEC Fund for International Development', which has gone from strength-to-strength to the present day *(see Chapter 12)*.

Dr Khène underlined that it was "a full-fledged international financial institution with a mandate to assist the development efforts of other developing countries in a genuine spirit of 'South-South' solidarity."[9]

From the market perspective, after demand fell in 1974, following years of major growth, it left OPEC, according to F. Parra, with some 20 per cent of its production capacity shut in.[10]

The First OPEC Summit, held in Algiers on 4–6 March 1975, was the biggest event of its kind staged by OPEC up to that time. It culminated in the adoption of a Solemn Declaration, which embodied many of the goals and objectives that had emerged during the first decade and a half of the Organization's existence.[11]

At the same time, it made it clear that the Summit's agenda "can in no case be confined to an examination of the question of energy."[12] Rather, it should include such other key multilateral issues as "the reform of the international monetary system and international cooperation in favour of development in order to achieve world stability"[13] — hence the big push it gave to assisting other developing countries and to the creation of the OPEC Special Fund.

However, with specific regard to the oil industry, the Solemn Declaration reaffirmed the sovereignty and the inalienable right of all countries to their natural resources, and from the perspective of petroleum supply, it gave the assurance that sufficient supplies would be made available to meet the essential requirements of the economies of developed countries.

Moreover, the Solemn Declaration also reasserted OPEC Member Countries "support for dialogue, cooperation and concerted action for the solution of the major problems facing the world economy."[14] It is perhaps no coincidence that the Conference on International Economic Co-operation, more widely known as the North-South Conference, met for the first time in Paris in 1975.

OPEC also welcomed a new Member in 1975, with Gabon joining to make the Organization a group of 13 oil producing developing countries.

Darkest moment

The final Meeting of the Conference of the year — the 46th, which began in Vienna on 20 December 1975 — saw the darkest moment of OPEC's history.

On the second day of the Conference (21 December), proceedings were brought to an abrupt halt by terrorists led by the notorious 'Carlos the Jackal' (Ilich Ramírez Sánchez). Dr Chalabi, who was present at the meeting, provides a vivid and harrowing depiction of the event. He describes an armed, masked young man storming into the conference room with a gun in hand, shouting threats in broken English and commanding delegates to lie beneath the tables.[15]

"He then yelled, 'Anyone who moves will be shot!' The clatter of bullets continued outside. No one had a clue what was happening, hidden as we were under our tables, trembling for fear that death was imminent."[16]

It would eventually result in the kidnapping of all the oil ministers and their delegations. Three people were killed before the hostages were forced onto terrifying flights across North Africa and the Middle East. They were eventually released in batches after a traumatic ordeal that lasted more than 40 hours.

Heading to the 1980s

The next two years were relatively uneventful in the oil market, even though there was continuing concern in OPEC circles about global inflation and exchange rate movements.

In 1978, developments in Iran that would eventually lead to the Iranian Revolution in 1979 had a significant impact on the oil market towards the end of the year, with Iranian oil production starting to drop dramatically from November. It fell to around 500,000 b/d on 27 December, a 27-year low. In contrast, it had averaged around 5.7 mb/d in 1977. In response to this development, other Member Countries, as well as some non-OPEC countries, stepped in to help with market stability and the supply and demand balance.

The 52nd Meeting of the Conference in Abu Dhabi on 16–17 December 1978 observed the recent decline in Iranian production. It also noted with anxiety, once again, the high rate of inflation and dollar depreciation sustained over the previous two years and, hence, the substantial erosion in Member Countries' oil revenue.[17]

As this meeting, and further Meetings of the OPEC Conference in 1979, decisions were taken to try and alleviate this situation. Moreover, at the 54th Meeting of the Conference in Geneva on 26–28 June, the Conference also called upon the major industrialized countries to control their total demand, whether for consumption or stock build-up, to avoid adverse effects on the oil market.[18]

All in all, the 1970s had been a remarkable decade for OPEC and its Member Countries, bringing about achievements they could never have dreamed of.

By the start of the 1980s, the oil market had undergone a major transformation from what it had been when OPEC was created in 1960. In a press release to mark the 20th Anniversary of the Organization, it was noted that "there are signs that OPEC's policies are coming to be recognized for what they are, namely, genuine pointers to the realities and the challenge of the energy and economic development of the world." It also pointed to the importance of world economic interdependence to help rectify "the imbalances which continue to affect the relationship between developed and developing countries."[19]

However, as with most situations of radical change, there would be a backlash and this would characterize the subsequent decade. This was particularly apparent from the dominant 'Western' economic and political interests, especially, as consumers perceived it, the heightened concern about security of supply. There was a growing awareness of the finite nature of the world's oil reserves and, indeed, of energy resources generally.

A consequence of all this had been an intensive effort by industrialized countries to reduce dependence on oil, especially crude from OPEC Member Countries and, particularly, supplies from the Middle East. Moreover, this also coincided with a period of major increases in non-OPEC supply, with the Soviet Union, the North Sea and Mexico adding significant volumes.

The IEA also encouraged the introduction of wide-ranging energy conservation measures in the industrialized world, the vigorous pursuit of alternative energy resources, such as nuclear, and the keeping of strategic stocks. The latter, along with spare production capacity, mainly in OPEC Member Countries, would be leveraged to help stabilize and balance the oil market.

Deeply unstable market

Demand for energy slumped and oil demand fell in four consecutive years between 1980 and 1983; a total drop of almost 6 mb/d.[20] It was a complete reversal from the 1970–73 period. Oil demand recovered in subsequent years, but by 1989 it was only just over 1 mb/d higher than the level reached a decade ago in 1979.[21]

The result of all this was a confused and deeply unstable oil market at the start of the 1980s. The extreme volatility, high oil prices in spot markets and the anti-OPEC measures adopted by many consuming countries began to have a dramatic effect on the oil market and, in particular, OPEC's role in it.

OPEC met four times in 1980 to try to bring more stability to the market and take decisions that would reflect the turbulent market realities. It was the prevailing realities that were proving a concern for the Organization, however, with inventories very high on the back of rising non-OPEC supplies, lower oil demand and an economic recession emerging in consuming countries.

In September 1980, however, conflict broke out between IR Iran and Iraq. Oil exports from both countries quickly came to a halt, withdrawing almost 4 mb/d from the world market and effectively wiping out the glut, which had been estimated at 2–3 mb/d before the conflict. Other Member Countries, which before had been producing below capacity, raised their output levels in an attempt to make good the shortfall and stabilize the market.

The market weakened further in 1981, however, and OPEC sought to address the situation. Its daily production continued to fall — by around 16 per cent between April 1980 and April 1981.[22] At the 60th Meeting of the Conference in Geneva on 25–26 May, the majority of Member Countries agreed to adjust production by a minimum of ten per cent.[23]

Nevertheless, the pressure remained and the cycle continued to unravel, with the market deteriorating further at the beginning of 1982. When the 63rd (Extraordinary) Meeting of the Conference was held in Vienna on 19–20 March, OPEC's total output was dropping below 18 mb/d, compared with an annual average of around 30 mb/d throughout the period 1973–79.[24]

In response, the meeting set OPEC output at 18 mb/d.[25] The Conference also formed a Ministerial Committee of four oil ministers to periodically monitor the market situation and recommend measures to be taken to bring order to the market, as and when necessary; within four months, this would be referred to as the Ministerial Monitoring Committee.[26]

Although the market rallied in the first half of April and retained some strength for most of the second quarter, it returned to a depressed state during the second half of 1982.

Looking back on the year, Dr Chalabi — as Deputy Secretary General, Acting for the Secretary General — said: "Unfortunately, (the) expression of (OPEC) solidarity and self-imposed discipline (through the introduction of an OPEC production ceiling at the 63rd Meeting of the Conference) was not matched by other producers, who, on the contrary, proceeded to increase their production throughout the year … This state of affairs eventually led to extremely unstable market conditions at the close of the year."[27]

The conundrum for OPEC was succinctly underlined by Skeet: "By 1983 the increase in non-OPEC production seemed remorseless at a time when demand seemed to be reducing just as inexorably."[28]

The early 1980s hit OPEC Member Countries' vulnerable, often single-product economies hard. Oil revenue fell from around $261 billion in 1980 to $186 billion in 1982,[29] which left many that had invested heavily in ambitious development projects to modernize their social and economic infrastructures with crippling levels of debt. Therefore, they faced the harsh reality of entering a period of austerity, with many high-priority schemes shelved or abandoned altogether.

Consultative meetings among Member Countries in Riyadh, Geneva and Paris met with mixed success in stemming the tide in 1983, until representatives from OPEC assembled in London in early March; along with their Mexican counterparts who had by then attained observer status.

The outcome of almost two weeks of deliberations was the convening of the 67th (Extraordinary) Meeting of the Conference in London on 14 March, which among other things, adjusted OPEC's output to 17.5 mb/d averaged out for the rest of 1983, and reassigned individual adjustment levels.[30]

Overall, 1983 was a sombre year for OPEC. Average output fell by 2 mb/d to 17 mb/d and dropped further in subsequent years.[31] The market outlook remained bleak and there was virtually a siege mentality among producers, which had become resigned to the fact that the 1970s were over and that they must be resolute and cope with the depressed market conditions in the best way they could for the foreseeable future.

Dr Chalabi noted at the beginning of 1984: "The price paid by OPEC in restoring order to the market had been a high one. For, despite sharply declining oil revenues, Member Countries' financial requirements for development kept rising. Given the 15 per cent reduction in the oil price and the continuing deterioration in export volumes, OPEC's current account registered a substantial deficit in 1983."[32]

He added: "An unfortunate aspect was that, in a number of consuming countries, the benefit from the price reduction was not, as OPEC had hoped it would be, fully passed on to the final consumer. In the first place, the steadily rising value of the US dollar increased the cost of imported energy to most West European countries; secondly, some consumer governments raised taxes on oil imports and the sale of oil products to the final consumer."[33]

For the oil market, in general, a watershed moment also occurred in 1983 with the launch of the first oil future — based on West Texas Intermediate (WTI) — on the New York Mercantile Exchange (NYMEX) on 30 March. In a short time, many players, including major oil companies, crude exporters and financial houses were participating in NYMEX crude futures. Yergin noted: "Now price was being established, every day, instantaneously on the open market, in the interaction of the floor traders on the NYMEX, with buyers and sellers glued to computer screens all over the world."[34]

Five years later, in June 1988, the Brent futures contract would be launched on the International Petroleum Exchange (IPE) in London, in an equivalent way to WTI on the NYMEX, and the two types of contract would go on to dominate oil futures trading.

The first half of 1984 saw OPEC output climb slightly, but the general trend remained in the opposite direction.

There was also disquiet within OPEC about rising output from some non-OPEC oil producers. The seeds of much of this development had been sown in the previous decade, when the high oil prices had made oil exploration and production economically viable in some of the world's more remote areas, especially those offshore.

OPEC was concerned about the fact that not only had the entry of these new producers into the market increased supply, but also many of them clearly had no desire to assist the Organization in achieving stability, even though the market was over-supplied.

They seemed to adopt a short-term approach to handling events, producing oil for so long as they could to cover their operating costs. With Member Countries adjusting output to help rebalance the market, many non-OPEC producers were stepping in to fill the void by raising their production levels. In fact, non-OPEC production rose by more than 11 mb/d over the decade 1974–84.[35]

Bridging OPEC and non-OPEC

Thus, OPEC began appealing to all oil producers to cooperate with each other in adopting measures to stabilize the oil market. The Organization reminded both consumers and producers of the fact that an unstable oil market was ultimately in nobody's interest, with its damaging repercussions felt throughout the energy industry and in the world economy at large.

Accordingly, the 70th Meeting of the Conference in Vienna on 10–11 July

1984 decided to "establish contacts" with non-OPEC producers whose increased output had contributed substantially to creating the current market situation, "with a view to finding ways and means of enhancing cooperation between OPEC and those countries, in a joint effort to shoulder the responsibility of stabilizing the oil market."[36]

OPEC's appeals for talks did not fall on deaf ears. Representatives of two non-OPEC producing countries, Egypt and Mexico, attended the 71st (Extraordinary) Meeting of the Conference as observers in Geneva on 29–31 October 1984, when OPEC's output was adjusted 'on a temporary basis' to 16 mb/d.[37]

They were joined by officials from Brunei and Malaysia at the next Meeting of the Conference (72nd), also in Geneva, which was held over two sessions in the second half of December. Conference President Dr Subroto, Indonesia's Minister of Mines and Energy, declared in his opening address: "This is a happy indication that some non-OPEC producing and exporting countries from the Third World are showing a greater degree of understanding and cooperation with us in our efforts to achieve market stability."[38]

In the same address, however, there was also a note to other non-OPEC producers. "It must be emphasized that market stability has a price which has to be paid by all who benefit from it. Thus far, that price has been paid principally by OPEC, although the beneficiaries have been the non-OPEC producers who, unhampered by the self-imposed restrictions of the OPEC Countries, have been able to increase their own market share at the expense of OPEC. This is patently unfair, and should not continue."[39]

The market remained under pressure during the winter, with OPEC output falling below the new adjustment level again. It was already clear that OPEC output for the whole of 1985 would be down steeply once more. It eventually ended up at 15.4 mb/d, the lowest level since 1965. Market share was also the lowest on record for the Organization. As a result of this, petroleum revenue for the Organization fell to $124 billion, the lowest for almost a decade.[40]

With this in mind, OPEC's 13 Member Countries gathered in Geneva on 7–9 December 1985 for the 76th Meeting of the Conference, with Dr Subroto in his opening address again emphasizing the importance of cooperation. "To ensure market stability, trilateral cooperation is needed involving the industrialized countries, non-OPEC countries and OPEC."[41]

The result of the Meeting was of historic importance, with OPEC's closing press release declaring a revision of its market policy: "Having considered the past and likely future developments in the world oil market and the persistently declining trend of OPEC production, the Conference decided to secure and defend for OPEC a fair share in the world oil market consistent with the necessary income for Member Countries' development."[42] The *Arab Oil and Gas Directory* remarked at the time that this gave "official recognition to what was already a reality."[43]

The decision caused ripples through the market. In 1986, the challenging market conditions led to OPEC holding four Meetings of the Conference, with two of them, the 77th and 78th, held in two parts.

By the time of the start of the 78th Meeting of the Conference on 25 June, the first part of which was held in the (former) Yugoslavian island resort of Brioni, OPEC output had risen to about 19 mb/d. The meeting adjourned after six days and the market reacted unfavourably. Brent bottomed out at

$8.55/b in mid-July, and the OPEC Reference Basket (ORB) fell to $8.28 on 28 July.

The 78th Meeting reconvened on 28 July in Geneva and went on for a further nine days, but it did lead to a decision. The Conference decided that OPEC output for September and October, should be based on a production level of 16 mb/d, as agreed in October 1984 and with the same national output — "with the exception of Iraq."[44]

The agreement acted as an immediate tonic to the market. Helping buoy the market were announcements from some non-OPEC producers of output adjustments or similar. Yergin highlighted the cooperation undertaken. "Agreements were subsequently worked out in which various non-OPEC countries indicated that they would do their part. Mexico would cut its output. Norway promised not to cut back but rather to reduce the growth in its output. At least that was something."[45]

Relations with non-OPEC also saw a positive upswing in 1986, with the OPEC initiative that has since been labelled *'The Three Wise Men'*. This was referenced by Dr Subroto in an interview with the *OPEC Bulletin:* "As I remember, *'The Three Wise Men'* were Dr Rilwanu Lukman from Nigeria, Arturo Hernandez Grisanti from Venezuela, and I, obviously from Indonesia … We decided that it was important to better understand the market players — both producers and consumers.

"From a producer perspective, outside of OPEC, there were countries like the Soviet Union, Mexico, Norway, Oman and Angola, which we believed could play a constructive role in bringing stability to the market. This meant travelling to these countries and talking to the ministers. It was a type of global dialogue."[46]

Dr Subroto believed it made a difference, specifically in terms of improved relationships. "I should also like to say that at that time the non-OPEC countries were more or less represented by Herman Franssen, then Advisor to the Minister of Petroleum and Minerals of Oman. In many respects, he ended up being my counterpart in trying to nurture the relationship between the non-OPEC and OPEC Countries. And today, I do feel that there is a better understanding between OPEC and non-OPEC producers."[47]

1986: a turning point?

However, there was a sense of foreboding in the oil industry, with the cash flows of oil companies severely affected, oil producing countries seeing a dramatic drop in revenues, thousands of oil rigs lying idle, and oil exploration and development drastically curtailed by budgetary cuts.

In his opening address to the 79th (Extraordinary) Meeting of the Conference in Geneva on 6 October 1986, the OPEC President, Dr Lukman, who was also Minister of Petroleum Resources for Nigeria, reflected upon the recent instability and volatility and the longer term damage they would inflict upon not only the international oil market, but also other energy sectors and the world economy. He said: "There is a growing worldwide awareness of the adverse consequences of persistently low oil prices to both producers and consumers in the medium- and long-terms — for our countries, development planning will be made much more difficult, and for the industrialized nations, investment in energy, oil and non-oil, will slowly but surely diminish."[48]

The total value of Member Countries' petroleum export revenue in 1986 was only slightly more than a quarter of its peak level of just six years earlier, at

$72 billion, compared with $261 billion in 1980.[49] The price collapse had clearly been a crippling blow to these developing countries.

The 79th Meeting of the Conference lasted 17 days, from 6–22 October, and this was reflected in the eventual pragmatic solution for the 12 Member Countries (excluding Iraq) that were signatories. The overall production level was set at 14.961 mb/d for November and at 15.039 mb/d for December.[50]

A major development occurred at the 80th Meeting of the Conference in Geneva on 11–20 December 1986, with the decision to move to an OPEC Basket of seven crudes. Since then, the ORB has remained OPEC's measure of crude oil prices with its composition evolving to embrace all Member Countries.[51]

On the production front, it was agreed among the 12 signatories to the December 1986 agreement that OPEC's output for the first and second quarters of 1987 "should not exceed 15.8 mb/d."[52]

Clearly, 1986 was a dark year for OPEC. Although it is true that the Organization's average output rose by 2.7 mb/d and its market share grew for the first time in many years to around 33 per cent,[53] the effects of this were more than offset by the price collapse.

Dr Chalabi summed up the views of many people inside and outside OPEC in early 1987: "The year 1986 was a significant turning-point in the history of OPEC, the oil industry and international economic relations. The unprecedented collapse of oil prices witnessed during that year had disastrous consequences for OPEC Member Countries and other oil exporting developing countries, in particular, and oil producing/importing developed countries, in general."[54]

He continued: "What happened in 1986 was inevitable. It was the logical consequence of the refusal by most non-OPEC exporters to cooperate with OPEC in securing market and price stability. The Organization had no choice but to demonstrate the realities of the market situation."[55]

Dr Chalabi also stressed the following: "OPEC was also proved right in its oft-expressed belief that stability in the oil market could only be maintained through cooperation among all oil producers, and between producers and consumers. The events of 1986 confirmed that instability was undesirable in the oil market and that the future of the world's energy situation was dependent upon a global approach. Unless this was achieved, the world would face an uncertain energy future."[56]

Lessons learned

The market generally reacted favourably to the December 1986 decision. Then at the 81st Meeting of the Conference in Vienna on 25–27 June 1987, it was agreed to adjust overall output higher to 16.6 mb/d for the second half of the year, which itself turned out to be relatively stable.[57]

At the 82nd Meeting of the Conference in Vienna on 9–14 December 1987, less than two months after the 'Black Monday' global stock market crash, OPEC felt generally satisfied with the oil market's overall performance during the previous 12 months. "Many independent commentators applauded OPEC for 'getting its sums right'," Dr Lukman said in his opening address as Conference President. OPEC production was adjusted to an overall level of 15.06 mb/d (with the exception of Iraq) for the first half of 1988.[58]

Dr Lukman's emphasis in his comments was on OPEC helping re-establish a semblance of order in the global oil industry over the year,[59] though as Dr Subroto, now Secretary General (1988–94), highlighted in early 1988, OPEC could only do so much. "Its decisions cannot be decisive and sufficient by themselves; that can only come from global cooperation by producers — OPEC and non-OPEC alike — and through understanding between producers and consumers."[60]

The following year, 1988, saw more market volatility, but one significant development offered a small beacon of hope for the future health of the industry. This was a meeting between six OPEC Member Countries and a number of independent oil producing countries — at OPEC's invitation — in Vienna on 26–27 April 1988, chaired by Dr Lukman, to examine the issue of joint action to foster market stability.

Even though a decision could not be reached on a joint output adjustment, Angola, China, Egypt, Malaysia, Mexico and Oman proposed to adjust back their respective export volumes by five per cent during the crucial remainder of the second quarter. The closing joint *communiqué* also stated: "They (the participants) noted that it constitutes the beginning of a new stage of cooperation between a large number of oil producing countries, and they hoped that others would join in the effort."[61]

The principle of OPEC meeting non-OPEC on a formal basis, in order to examine market developments and seek a means of stabilizing the international oil market, was a breakthrough in its own right. There was evidently an advancement in OPEC and non-OPEC relations in the following years, which has broadened out into major advances in the producer-consumer dialogue in the period since.

At the 84th Meeting of the Conference in Vienna on 21–28 November, the

Conference formed a new, eight-man Ministerial Monitoring Committee with a mandate to monitor market developments and ensure stability in the world oil market. Its role was broader than usual for a Ministerial Committee. As well as monitoring individual output discipline, its task was also to consider and prepare long-term strategies. The Conference agreed that total OPEC production should be adjusted to 18.5 mb/d for the first half of 1989.[62]

By the middle of 1989, there was a growing feeling among oil analysts that the worst of the market glut was over and that world oil demand was set on a longer term rising path. At the 86th Meeting of the Conference in Vienna on 25–28 November, the Ministers adjusted production levels again, this time to 22.086 mb/d for the first half of 1990.[63]

On reflection, 1989 was the year in which OPEC began to consolidate itself in the international oil market again. The generally improving conditions supported an underlying belief that there were 'better things to come' in the new decade.

New issues were arising too, such as the rising tide of environmentalism. Dr Lukman stated in his opening address to the 86th Meeting: "I believe it is imperative that environmental considerations play a key role in energy planning throughout the 1990s and on into the next century."[64] Further issues that would dominate the 1990s included the political and economic upheavals in the former Soviet Union and Eastern Europe, and the steady march towards a more integrated international oil industry.

Looking at the 1980s as a whole, it was evident that few in the oil industry mourned its passing. It had been a grueling period, but as with any such time, lessons had been learned, as evidenced succinctly by Yergin: "Out of the tumult of the 1970s and 1980s, important lessons had emerged. Consumers had learned that they could not regard oil, the fundament of their lives, so easily as a given. Producers had learned that they could not take their markets and customers for granted. The result was a priority of economics over politics, an emphasis of cooperation over confrontation, or at least so it appeared."[65]

The ***41st (Extraordinary) Meeting of the OPEC Conference****, Vienna, Austria, 12–13 September 1974, with Conference President Captain Gustavo Jarrin Ampudia, Ecuador; and Dr Abderrahman Khène, OPEC Secretary General.*

Dr Mana Saeed Otaiba, Minister of Petroleum & Mineral Resources of the UAE; and Dr Valentin Hernandez-Acosta, Minister of Energy & Mines, of Venezuela, at the ***41st (Extraordinary) Meeting of the OPEC Conference****.*

The ***1st OPEC Heads of State Summit****, Algiers, Algeria, 4–6 March 1975. Centre standing is Houari Boumediene, President of Algeria; seated, Chief Meshach Otokiti Feyide, OPEC Secretary General, Nigeria.*

Votava / Imagno / picturedesk.com

The ***46th Meeting of the OPEC Conference****, 20–21 December 1975, Vienna, Austria. The meeting saw the darkest moment of OPEC's history, with proceedings abruptly brought to a halt by terrorists led by the notorious 'Carlos the Jackal'.*

*The **48th Meeting of the OPEC Conference**, Doha, Qatar, 15–17 December 1976. Colonel Muhammadu Buhari (c), Commissioner for Petroleum, NNPC, and Head of the Nigerian Delegation from 1976–78, who at present is the Head of State of Nigeria.*

*Heads of Delegation in discussion at the **60th Meeting of the OPEC Conference**, Geneva, Switzerland, 25–26 May 1981.*

The outcome of almost two weeks of deliberations was the convening of the ***67th (Extraordinary) Meeting of the OPEC Conference****, London, UK, 14 March 1983.*

Heads of Delegation at the ***70th Meeting of the OPEC Conference****, Vienna, 10–11 July 1984. The Conference decided to "establish contact" with non-OPEC producers to enhance cooperation to aid market stabilization efforts.*

General view of the meeting room at the ***76th Meeting of the OPEC Conference****, Geneva, 7–9 December 1985.*

The ***78th Meeting of the OPEC Conference****, Brioni, Yugoslavia, 23–30 June 1986. General view of the deliberations; Andrej Ocvirk, President of the Federal Committee of Energy & Industry, Yugoslavia inaugurated the conference.*

*The **78th Meeting**, Brioni, Yugoslavia: Dr Subroto, Minister of Mines and Energy, Indonesia, attending to questions from the press.*

*The **84th Meeting of the OPEC Conference**, 21–28 November 1988, Vienna (l–r): Abdulla H. Salatt, Governor for OPEC, Qatar and Chairman of the BoG; Dr Rilwanu Lukman, Minister of Petroleum Resources and President of the Conference; Dr Subroto, OPEC Secretary General; and Dr Fadhil J. Chalabi, Deputy Secretary General.*

Chapter 5:
A Changed World

1990-2007

The arrival of the 1990s was, in many respects, like opening a new chapter for OPEC. It had waved goodbye to the painful 1980s and there was a sense of optimism for the market outlook as the decade opened, as well as encouraging signs from advances in cooperation among industry stakeholders.

A new dawn was also evident elsewhere, with the release of Nelson Mandela from prison in South Africa after 27 years and a major reshaping of the global economic and political order with the collapse of the Soviet Union.

It was a key year in the Internet's early history too. In the autumn of 1990, Tim Berners-Lee developed the world's first web server, the foundation for what we now know as the World Wide Web. No one could have predicted then just how much it would come to reshape the world.

The decade would also witness major shifts and changes in the oil industry, such as a tendency towards mega-mergers of IOCs — Exxon and Mobil, BP and Amoco and Chevron and Texaco — and a further building of bridges between OPEC and non-OPEC, and OPEC and consumers.

Secretary General, Dr Subroto, recognized the economic and political shifts in speeches he delivered in 1990, including: the general easing of tensions in the international political arena, most notably concerning the changing relationship between the two major 'super powers', the US and the Soviet Union; the European Economic Community's plans to establish a single internal market in 1992; the 'Pacific Rim' countries and the so-called Asian Tigers with their rapid rate of economic expansion; and, ever-expanding globalization.

On top of that, addressing the Third Andean Congress of the Petroleum Industry in Quito, Ecuador, on 15 February, Dr Subroto saw the environment as "the issue which is likely to dominate the 1990s, in just the same way as it saw out the 1980s," and referred to the "incalculable impact that advances in technology will make in the world energy market at large."[1]

He also added interestingly, particularly given the rapid production rises in the US tight oil basins in the 2010s, the following: "The world's second-largest oil producer, the US, is also experiencing production problems. In 1989, while its oil consumption continued to rise, it suffered its biggest year-on-year decline in domestic output, averaging in excess of 500,000 b/d."[2]

Apparent from all this is what could be termed the 'body language' that lay behind OPEC's positioning over this period. No longer was the emphasis placed on inward-looking challenges, such as asserting OPEC's sovereign rights in the 1960s and 1970s or dealing with hostility and volatility in the 1980s. Instead, it was more about what 'we' (OPEC as an integral stakeholder in the global industry) could do to meet the collective challenges facing 'all of us'.

In other words, by the start of the 1990s, OPEC was being recognized increasingly as an established member of the global oil community. Undoubtedly, past divisive sentiment continued to exist, but this was noticeably less apparent than it had been. The new, more conciliatory mood helped prepare the groundwork for the big leaps forward that would be made in the producer-consumer dialogue, as well as other dialogues, during the decade and beyond.

OPEC continued to adjust its production throughout the 1990s, tailoring it to changing conditions and with a focus on stabilizing the market. In general, OPEC output was on an upward trend during the decade, from an annual figure of 22.6 mb/d in 1990 to over 26 mb/d in 1999 — after hitting 27.8 mb/d in 1998, which itself was the highest annual average for nearly two decades, that is, since 1979.[3]

The oil market was also challenged by a significant decline in production from the Soviet Union/the Russian Federation in the 1990s, dropping from close to 11 mb/d in 1989 to around 6 mb/d by 2000, although it reversed significantly in the years thereafter.[4]

On the demand side, the Organization was confronted with some significant developments. In Eastern Europe and Eurasia, following the break-up of the Soviet Union, demand fell by more than 50 per cent over the decade, with the Russian Federation alone seeing a drop of around 2.4 mb/d.[5] On the flip side, however, demand expanded by more than 70 per cent in the Asia-Pacific region, with China seeing growth of over 2.4 mb/d, balancing out the decline in the Russian Federation.[6]

Two countries, Ecuador and Gabon, left OPEC in the first half of the decade, but this had only a slight impact on the Organization's overall production figures, because they were the two smallest producers. However, Ecuador reactivated its Membership in October 2007, although it then withdrew it effective 1 January 2020. Gabon rejoined in July 2016.

While the early months of 1990 saw a degree of positivity, this did not last long. OPEC's Market Monitoring Committee met in Vienna for two days in the middle of March, with all 13 oil ministers present, but the Organization's production adjustment decision remained unchanged.

With concerns increasing about oversupply, the general inconclusive nature of the meetings spooked the market.

When Conference President, Sadek Boussena, Algeria's Minister of Mines and Industry, opened the 87th Meeting of the Conference on 26 July 1990, he said: "After making an encouraging start to the new decade, our fortunes have faded badly … with the risk of bringing, once again, OPEC Member Countries' revenues and economies to the brink of collapse."[7] The Conference decided to adjust its output level slightly to 22.491 mb/d, which was below actual OPEC production at the time.[8]

Only a week later on 2 August, however, Iraq invaded Kuwait. It had major implications on market fundamentals and dynamics. Talk of oversupply was swiftly forgotten.

An embargo was imposed quickly by the UN on oil exports from these two oil producers (UN Security Council Resolution 661)[9], resulting in the withdrawal of more than 4 mb/d of crude from international markets.[10] The outcome was a rapid escalation in prices.

Much international pressure was put on the other 11 OPEC Member Countries to increase output as rapidly as possible, in order to make good the shortfall on the world market. Some analysts felt that such action, if combined with the controlled release of the high level of stocks held by industrialized countries and the multinational oil companies, could more or less compensate for the sudden reduction in oil supply, for a short period anyway.

Within a fortnight, the spot prices of Brent and WTI had broken through the $30/b barrier and reached their highest levels since 1985. OPEC held informal discussions on the crisis in Vienna on 26 August. These talks lasted three days and led to a special meeting of the Organization's Ministerial Monitoring Committee on 29 August.

The Committee issued a statement opining that the present market trend "may well be prolonged, thus increasing the uncertainty of oil supply in the fourth quarter of 1990 and the first quarter of 1991."[11] It announced an 'interim' course of action, "applicable only until such time as the present crisis is deemed to be over, and this arrangement shall not in any way compromise the provisions of the July 1990 resolution, which is still valid"[12] and would be returned to in due course.

The course of action reaffirmed the Organization's commitment to market stability and the regular supply of oil to consumers, adding: "OPEC shall consequently increase production, in accordance with need."[13]

The statement also placed emphasis on consumer action: "Consumers, however, need also to actively participate in the stabilization process, by executing the IEA Oil-Sharing Agreement, which was specifically designed to meet eventualities such as the present situation, and also by utilizing the present huge accumulation of stocks owned by the oil companies."[14]

However, OPEC's appeals largely fell on deaf ears. On 28 September, two months after hostilities began, the IEA's Governing Board merely recommended that the Agency's member states should get ready for a drawdown of strategic stocks and demand restraint 'on a standby basis'.[15]

The market remained volatile in the months leading up to the 88th Meeting of the Conference in Vienna from 12–13 December 1990. It was a positive meeting, and the market was encouraged by the Conference's announcement to continue with the August 1990 decision until the crisis was over.

Volatility returned in the New Year as the UN deadline of 16 January 1991 approached for Iraq to withdraw from Kuwait, but when hostilities began and it became clear that oil facilities elsewhere in the Gulf would not be affected, prices fell by then record-breaking one-day levels, effectively signalling the end of the impact of hostilities on the oil market.

The following years would see OPEC look to meet the challenge that the "return of Iraq and Kuwait to full production, at whatever pace it occurs, does not disturb market stability,"[16] as the then President of the OPEC Conference, Dr Celestine Armas, Venezuela's Minister of Energy and Mines, said in his opening address at the 90th Meeting of the Conference in Vienna on 26 November 1991.

Moreover, as he also noted, "we must also be attentive to the world behaviour as a whole," noting a recession in some industrialized countries, the unpredictability surrounding the energy economy in the former Soviet Union, and the strong economic expansion in much of South East Asia, a region that made global headlines in the second half of the decade.[17]

The early- and mid-1990s also witnessed significant developments in many OPEC dialogues, with both producers and consumers, including the IEA, as well as on the environmental front *(see Chapter 14).*

OPEC held a 'Seminar on the Environment' in 1992, with Member Countries discussing key environmental issues from 13–15 April in the build-up to the UN Conference on Environment and Development (also known as the 'Earth Summit') in Rio de Janeiro, Brazil, that was held in June of that year.

The environmental issue also rose to prominence on the international agenda during the decade, spurred on by the summit in Rio de Janeiro. This landmark event, in turn, triggered the series of climate change negotiations under the UN Framework Convention on Climate Change (UNFCCC) that continue to this day, and led to the Kyoto Protocol in 1997 and the Paris Agreement in 2015. OPEC and its Member Countries have been actively involved in these negotiations in the years since.[18]

Dr Subroto noted in an interview in 2010 that "environmental issues mean different things to different people (developing and developed countries) … and we realized that OPEC needed to play an active and positive part in any environmental negotiations, which we did, and the Organization continues to do so."[19]

In addition to this, OPEC repeatedly expressed concern during the 1990s about a new wave of energy taxes that were being proposed by industrialized countries in the name of the environment. For example, the closing press release from the Fourth Meeting of the Ministerial Monitoring Committee in Geneva on 25 September 1991 stated: "Oil is already disproportionately taxed on the consumption end."[20]

It went on: "The burden of such taxes has been falling on the final consumers of the European countries who have been paying, for the past three decades, petroleum taxes in some cases more than three times the delivered crude oil price. Any additional tax, intended for environmental or other purposes, will adversely affect free trade among nations."[21]

OPEC held its 100th Meeting of the Conference in Vienna on 5 June 1996 with the President of the OPEC Conference, Ammar Makhloufi, Algeria's Minister of Energy of Mines, highlighting how the past three and a half decades had seen the Organization's behaviour demonstrate that "we are a responsible, mature body, set on achieving sustainable order, stability and equity in the international oil market."[22]

It was a historic moment for the Organization, given its humble origins back in September 1960; it had prospered and overcome many challenges along the way. There would be another major challenge for the Organization the following year; one that would again test Member Countries resolve and commitment.

South East Asia in focus

The crisis was brought on by the currency and stock market meltdowns that had wrought havoc on many South East Asian economies in the second half of 1997 and into 1998. At the same time, however, it also heralded new joint remedial measures by OPEC and non-OPEC oil producers.

At the 103rd Meeting of the Conference in Jakarta from 26 November–1 December 1997, Conference President, Abdullah bin Hamad Al Attiyah, Qatar's Minister of Energy and Industry, had a mixed message for fellow ministers. He noted: "As we enter into our deliberations, we remain cautiously optimistic about the performance of the market in the coming months. As ever, much will depend upon the severity of the Northern Hemisphere winter. With notable reference to the location of this meeting in South East Asia, we shall be seeking to assess, among other things, the longer term impact on world oil demand of the economic problems currently being experienced by the region."[23]

After considering the market outlook carefully, the Conference adjusted production upward to 27.5 mb/d for the first half of 1998, with effect from 1 January 1998. In fact, it was the first real upward adjustment since September 1993.[24]

After the Meeting, however, oil prices fell heavily and volatility continued, as the market perceived a glut in supply and as the economic crisis deepened in South East Asia and the mild winter continued to impact oil demand.

There were significant alarm bells ringing in OPEC capitals, with an extraordinary meeting convened in Vienna on 30 March 1998.

When Conference President, Obaid bin Saif Al-Nasseri, the UAE's Minister of Petroleum and Mineral Resources, opened the 104th (Extraordinary) Meeting of the Conference, he said: "Since we last met as a full Conference in Jakarta in late November, many significant and largely unforeseen developments have occurred which have had a profound impact upon the international oil market."[25]

He added: "There has been a notable shrinkage of oil demand from previously forecast levels, due mainly to the economic difficulties being faced in East and South East Asia and an unusually mild Northern Hemisphere winter … We have also witnessed a large-scale stockpiling of oil in consuming countries and, above all, excess oil supplies to the market. This has all served to exacerbate the prevailing situation of market speculation and uncertainty."[26]

It was not only OPEC producers that were shocked by recent events, many non-OPEC producers were too. The impact of this, and the cooperation between OPEC and non-OPEC, was referenced by Al-Nasseri in his opening remarks.[27]

He referred to a meeting that had taken place in Riyadh the previous week, on 22 March, after Saudi Arabia had invited Venezuela and non-OPEC oil producer Mexico to its capital city to discuss the deteriorating market situation. It had resulted in the three countries deciding to adjust production. The other OPEC Member Countries, excluding Iraq, had taken similar measures, and Mexico too had been joined in this respect by pledges from non-OPEC in the form of Egypt, Malaysia and Oman.

The total adjustment had been about 1.4 mb/d. At first it had a positive impact on market sentiment, but this evaporated dramatically during June, in the lead-up to the 105th Meeting of the Conference, which began in Vienna on 24 June 1998.[28]

However, what the start of 1998 had set in a motion was a process of OPEC and non-OPEC cooperation, which was underscored by Adrián Lajous, CEO of Mexico's Pemex from 1994–99, in a May 2015 article. He also highlighted the diplomacy role played by the late Dr Robert Mabro, in bringing producers together.[29]

Mabro himself emphasized the importance of the cooperation in a working paper from 1998, noting that "imaginative ways need to be found to secure the involvement of outside exporters in policy making without attaching them to the Organization with formal ties."[30]

Three Ministerial 'guest' delegations attended the June Conference, representing Mexico, Oman and the Russian Federation. The resulting outcome of the meeting built upon that of March, increasing the total adjustments to 2.6 mb/d, effective from 1 July and valid for one year.

The closing press release added that the Conference expressed its appreciation for the adjustments "which were pledged by non-OPEC producing countries since March 1998, totalling in excess of 500,000 b/d." Combined with OPEC, adjustments were more than 3.1 mb/d.[31]

Once again the market initially reacted somewhat favourably, before sentiment weakened again in the fourth quarter of the year. The ORB hit a low of $9.13 on 10 December 1998, with Dated Brent at the same level on the same day.

The *Arab Oil and Gas Directory* summed up the mood succinctly: "1998 was the worst year for oil exporting countries since the market collapse of 1986."[32]

What happened next, according to the *Arab Oil and Gas Directory,* would transform the oil market and the fortunes of all oil producing countries in the following months. It was the result of the talks between OPEC and non-OPEC over the past year, in various cities around the world including Algiers, Amsterdam, Cancún, Caracas, The Hague, Madrid, and Vienna.

"Saudi Arabia, Iran, Algeria and Venezuela arranged a meeting with Mexico in The Hague on 11 March at which they decided that OPEC and non-OPEC countries should adjust production by a further 2.1 mb/d between them — 1.7 mb/d for OPEC and 400,000 b/d for non-OPEC producers. That would add to the total adjustment of 3.1 mb/d achieved in March and June 1998, giving a global figure in excess of 5 mb/d since March 1998. The agreement would come into force on 1 April 1999 and be valid for one year."[33]

The positive turn of events to help balance the market was also aided by a leadership change in Venezuela, with Hugo Rafael Chávez Frías winning a national election and assuming the Presidency on 2 February 1999.

The decision was ratified by the 107th Meeting of the Conference, which convened in Vienna 12 days later, on 23 March 1999, with senior representatives from Mexico, Oman and the Russian Federation present. It proved to be a boon for market stability and sentiment in the coming months.[34]

Following the decision, Ali Al-Naimi, Saudi Arabia's Oil Minister said: "This particular decision was geared to reducing the surplus inventory and the fact that it is going to last a year guarantees elimination of any glut on the market."[35]

When the Conference met in Vienna on 22 September, for the 108th Meeting of the Conference, Conference President, Dr Youcef Yousfi, Algeria's Minister of Energy and Mines, highlighted the "significant shift in mood" since March. "The principal reason for this major shift in the market situation has been, without a shadow of a doubt, the solidarity, cohesion and sense of responsibility, which all Member Countries have shown, along with the cooperation of other oil producers, mainly Mexico, Norway, Oman and the Russian Federation."[36]

This was a highly encouraging, practical example of dialogue and cooperation, and goes along with other advances made during the 1990s involving not just OPEC and non-OPEC producers, but also producers and consumers *(see Chapters 9 and 10),* led by the two long-term Secretary Generals across the decade, Dr Subroto and Dr Lukman.

A new millennium

For many, the end of the year was dominated by the Y2K challenge, or the so-called Millennium bug, with some anticipating chaos and computer failures when the year turned from 1999 to 2000. When the chimes of midnight rang out on 31 December 1999, signalling the end of a day, a month, a year, a decade, a century and a millennium, there were very few problems, and for OPEC, the new millennium began with cautious optimism, albeit guarded and with recognition of challenges ahead.

In an article that appeared in a New Millennium issue of *World Energy Magazine* at the start of 2000, OPEC Secretary General, Dr Lukman, identified some pressing issues facing OPEC. These included: production adjustments; cooperation with non-OPEC producers; dialogue with consumers; the provision of adequate future production capacity; the role of natural gas as a 'sister export' to crude oil; the impact of the technology and communications revolutions; the drive for a cleaner and safer environment; and, the ongoing climate change negotiations.[37]

Later in 2000, delivering a speech to an audience in Ljubljana, Slovenia, on 22 August, Dr Lukman added some more turn-of-the-century issues of interest to OPEC. Globalization and the information revolution — with universal internet access and electronic trading — were already having a profound impact on the structure and the operations of the industry, as well as on the relationships and balance of power within it, he began.[38] It certainly proved to be a far-sighted observation.

Then there was the impact on Member Countries of the major restructuring of the IOCs over the previous couple of years. This had resulted "in a leaner and fitter industry, better able to cope with the challenges of the future," said Dr Lukman. "At the same time," he continued, "many NOCs are recognizing that they are having to broaden the base of their operations, in order to prosper in an increasingly integrated global petroleum industry; this is manifesting itself in the opening up of some indigenous oil sectors, in order to attract foreign investment and benefit in other ways from enhanced levels of cooperation."[39]

In 2000, almost a quarter of a century after the First Summit of Heads of State and Government of OPEC Member Countries, the Second was held in Caracas, Venezuela, from 27–28 September 2000.

Shortly before the Summit, the Conference President, Dr Alí Rodríguez Araque, Venezuela's Minister of Energy and Mines, said: "The purpose of the Second Summit is to take a fresh look at OPEC's aims and objectives, its institutions, its procedures and its achievements, to see whether they match up to the evolving demands and requirements of the 21st century. Where we find shortcomings, we shall seek to rectify them, so that a stronger and more focused Organization emerges for the years ahead."[40]

The concluding Second Solemn Declaration,[41] therefore, accommodated the new challenges that had arisen during this period, placing them in the context of the overall vision and objectives of the Organization. This included adding environmentalism, broadening out the concept of economic development to embrace the key component of sustainability, and at the same time placing a heavy stress on eradicating poverty.

In the oil market, the start of the decade saw mixed signals with significant volatility in the first part of the year. Conference President, Qatar's Al Attiyah, in addressing the 109th Meeting of the Conference in Vienna on 27–29 March 2000, stated the recent high level of volatility as being due to a combination of factors: "Some are fundamentals and others are of a local and speculative nature ... In the final analysis, there are no winners from this instability."[42]

Such observations about the market's behaviour, specifically speculative activities, and the broader implications of this would be repeated many times throughout the decade. They were a constant matter of concern for OPEC, which acted to address them whenever it felt the circumstances were right for effective, meaningful measures, in the interests of market stability.

Indeed, Conference President, Dr Rodríguez Araque, told the 110th (Extraordinary) Meeting of the Conference in Vienna on 21 June 2000: "As ever, oil market stability remains high on OPEC's agenda." An "exceptional level of instability" over the preceding two and a half years had "caused much uncertainty and disruption within the industry," he added. Left to its own devices, "instability breeds instability and is disastrous for the industry, both at the present time and in the future. It is also bad for the world economy, since oil is the leading energy source, accounting for two-fifths of the global energy mix."[43]

In July 2000, with a focus on market stability and limiting volatility, OPEC also highlighted the role of a 'price band mechanism', which was seen as providing flexibility and accommodating reasonable market movements, including seasonal fluctuations, and, at the same time, maintaining prices within a range that was agreeable to producers, consumers and investors.

Dr Rodríguez Araque told the 112th (Extraordinary) Meeting of the Conference in Vienna on 13 November 2000 that a 'price band mechanism' had played a very important role in preventing oil prices from rising to exceptional levels for the market, by increasing the availability of crude oil supplies according to pre-established parameters. "This way," he said, "it has also made a contribution to reducing uncertainty and it is being increasingly recognized as a reasonable mechanism by consumer countries."[44]

During the first four years or so of the mechanism, 2000–03, two major international incidents put a spotlight on the oil market, and concerns about the possible repercussions on it.

The first was related to the attacks on the World Trade Centre in New York and the Pentagon near Washington DC on 11 September 2001. Dr Rodríguez Araque (who had taken up the position of OPEC Secretary General at the start of 2001) in a press release later that day, extended "the Organization's heartfelt sympathy to all those affected by this tragedy."[45] He added: "All Member Countries remain committed to continuing their policy of strengthening market stability and ensuring that sufficient supplies are available to satisfy market needs." And he emphasized that Member Countries were prepared to use their spare capacity, if deemed necessary, to achieve those goals.[46]

The tragic events of that day caused huge volatility in global oil markets given the prospects for a worldwide recession, massive fund-selling on financial markets, and a drastic fall in jet fuel consumption.

Opening the 117th Meeting of the Conference two weeks after the attacks, on 27 September, Conference President, Dr Chakib Khelil, Algeria's Minister of Energy and Mines, feared that the impact of the disaster upon the global oil industry would be profound, particularly in the context of the global economic slowdown and its implications for energy demand.[47]

"Even before 11 September, there was great concern about the extent and the pace at which this slowdown was occurring in the leading industrialized nations," he said. "The situation has now deteriorated, with, among other things, a plunge in share prices the world over, in particular for airlines, tourism and insurance, as well as heavy pressure on the US dollar, with refuge being sought in the Swiss franc."[48]

The aviation industry had been a prominent casualty and this led to a huge drop in jet fuel demand, with associated knock-on impacts. "At the same time, the aviation industry's retrenchment will have a broader impact on the performance of national economies, adversely affecting other sectors and exacerbating the overall turmoil," Khelil added.[49]

The US economic downturn and short recession in 2001, alongside the impacts of the 11 September attacks on the oil market, saw weakened OECD oil demand in 2001 and 2002.

At the 118th (Extraordinary) Meeting of the Conference on 14 November 2001, given the global slowdown, the Conference decided to adjust downwards an additional volume of 1.5 mb/d, effective 1 January 2002, subject to a firm commitment from non-OPEC oil producers to adjust their production by a volume of 500,000 b/d simultaneously.[50] A Consultative Meeting of the OPEC Conference in Cairo, Egypt, on 28 December 2001 confirmed this decision and underscored pledged support from some non-OPEC producers.[51]

The OPEC Conference met four times in 2002, adjusting its production downwards again at the final meeting of the year on 12 December, following a review of the oil market situation.

Just three months later, on 20 March 2003, the outbreak of hostilities began in Iraq, with concerns raised about its potential to destabilize oil markets. The OPEC Secretariat immediately issued a statement stressing the Organization's resolve to make up for any supply shortfall resulting from the developing events. To achieve this, Member Countries pledged to use their available excess production capacity to ensure continued supply. This action was taken after Conference President, Al Attiyah, had held consultations with other Heads of Delegation.

While the markets exhibited volatility over the period of the hostilities, they ended with less disruption to overall oil production in the region than many had feared.

Demand growth

The period that followed saw the market enter a new phase, that was demand-led, and which would play itself out over the next five years, as Al-Naimi explained. "One thing was clear [in 2003]. After the repeated periods of a crude oil surplus in 1998–99 and again in 2001–02, global demand was now rapidly catching up with supply. And it was clear that demand was going to grow significantly as the decade progressed, with much of the increase coming from Asia."[52]

In fact, oil demand growth from 2003–06, saw Asia and the Pacific add almost 3.5 mb/d, with China alone adding well over 2 mb/d.[53]

It was also a period when there was another major shift in the market's behaviour, with further talk of speculative activities amplifying volatility. This was underscored by OPEC Conference President, Dr Purnomo

Yusgiantoro, Indonesia's Minister of Energy, at the 131st (Extraordinary) Meeting of the Conference in Beirut on 3 June 2004.

In his opening address, he noted that volatility had been caused by a combination of factors over which OPEC had no control. He listed them as futures market speculation, US gasoline market tightness, geopolitical concerns and higher-than-expected oil demand growth, especially in China and the US.[54]

He stressed that the market was well-supplied with crude, adding: "Even if our Member Countries collectively produced at full capacity — to the extent that this is technically feasible at any one time — there are some analysts who feel that this would have, at best, only a limited impact on prices, since the other factors affecting prices are so overwhelming."[55]

The Conference adjusted the OPEC-10 production upwards by 2 mb/d to 25.5 mb/d, with effect from 1 July. Also, an additional adjustment of 500,000 b/d was planned, to take effect on 1 August, "in order to ensure adequate supply and give a clear signal of OPEC's commitment to market stability."[56]

Despite this decision, volatility continued, and Dr Yusgiantoro told a specially convened press conference in Vienna on 22 July that the additional adjustments should be seen as a "positive response" by Member Countries to the current situation. He continued: "In addition to opening their taps in response to market demand, OPEC Member Countries are also investing vast resources to increase production capacity by an expected 2.5–3 mb/d in the short-term, depending on the call on OPEC oil."[57]

Half a year later, the price band was formally suspended "temporarily" by the 134th (Extraordinary) Meeting of the Conference in Vienna on 30 January 2005, "pending completion of further studies on the subject," as that Conference's closing press release noted.[58]

Hurricane Katrina

In late August-2005, the sixth-strongest Atlantic hurricane ever recorded at that time — Hurricane Katrina — struck the Gulf of Mexico. This delivered an immediate loss of about 95 per cent of that region's crude production, at around 1.5 mb/d, and a near-similar proportion of gas output, as well as causing a devastating human tragedy. It was followed in September by an even stronger one, Hurricane Rita, although the effects were not nearly as severe as anticipated, and not on the scale of Katrina.

Hurricane Katrina occurred at a time when the international oil market was already experiencing high volatility as a result of a series of refinery outages, along with increasing geopolitical tensions. OPEC acted quickly, with Conference President, Sheikh Ahmad Fahad Al-Ahmad Al-Sabah, Kuwait's Minister of Energy, sending a message to US Secretary of Energy Samuel W. Bodman on 31 August, assuring him that "OPEC Member Countries will continue their ongoing efforts to ensure that the oil market is well supplied with the crude oil it requires and stand ready to continue whatever other ways they might be able to assist."[59]

He added that the forthcoming OPEC Conference in September would discuss additional measures that could be taken in the interests of market stability. He repeated the commitment of OPEC and the readiness of Member Countries with sizeable remaining spare production capacity to further boost production levels to fill any supply shortfall resulting from the effects of Hurricane Katrina to customers that called for it.

Another statement three days later said that OPEC was considering other measures it could take to help, "in addition to the offers of extra crude supplies to customers that have already been made by Member Countries with remaining, sizeable spare capacity." It added that the President was in consultations with OPEC's other ministers of oil and energy, identifying possible additional measures. Such an action, it continued, would be in the spirit of cooperation between producers and consumers and in the interests of oil market stability, at a time when a natural disaster of great magnitude had caused a significant reduction in energy supplies in the US, "a major oil consuming nation", with implications for the global energy market.[60]

The Conference President said that he was also in touch with the US authorities and the IEA, with a view to determining more precisely the nature of the country's needs and any additional measures producers could take.

A further press release two days later, on 4 September, said that Kuwait had pledged an aid package of $500 million to the US and that this would include both humanitarian and petroleum supplies, in particular, gasoline. It added that other Member Countries had also made offers of assistance. They included Qatar, which had pledged $100 million in humanitarian assistance, as well as Indonesia, Nigeria, Saudi Arabia, the UAE and Venezuela.[61]

The release also recalled that Saudi Arabia's Minister of Petroleum and Mineral Resources, Al-Naimi, had said the previous week that, "to the extent that markets are concerned about the impact of Hurricane Katrina on the availability of crude oil supply, Saudi Arabia stands ready to increase oil production immediately to 11 mb/d and sustain that level to replace any shortages in the crude oil market."[62]

Al-Sabah pursued the challenges related to Hurricane Katrina in his opening remarks to the 137th Conference in Vienna on 19–20 September 2005, saying the response from the international community, including OPEC's Member Countries, had prevented the situation from developing into a major energy crisis: "We understand that, already, more than half a million barrels a day of the region's crude output are restored and that the situation will continue to improve. However, significant damage to the region's refinery centres may last longer than expected, adding to the already considerable strain on the global refinery system."[63]

Following deliberations, and recognizing the importance of maintaining oil market stability, for the benefit of the world economy, including, in particular, the economies of the developing world, "the Conference agreed to make available to the market the spare capacity of around 2 mb/d in Member Countries, should it be called for, for a period of three months, starting 1 October 2005."[64] It was a strong and proactive decision, and proved positive for overall market sentiment.

On 20 September 2005, the Organization also adopted its first comprehensive Long-Term Strategy (LTS) at the Ministerial Conference, prepared over a period of two and a half years, which provided a coherent and consistent vision and framework for the Organization's future.[65] The LTS would be updated every five years.

The impact of Hurricane Katrina was felt on prices, which continued to rise. Moreover, as noted by Robert McNally, stubbornly strong demand and weak supply growth saw prices rise past $70/b in 2006. He added: "These sustained and large oil price increases took most completely by surprise. Market participants were familiar with price spikes due to war and upheaval, but not to spikes caused by the normal workings of supply and demand."[66]

The period between 2003 and 2008 also saw a rapid increase in the cost of developing new oil fields, with shortages in equipment, skilled labour, as well as rising costs for other commodities, such as steel, playing a role. This was noted by OPEC Secretary General, El-Badri, at the Oil and Money Conference in October 2008. He said: "In some cases the costs of service have grown more than four times since 2003. At the same time, skilled manpower has become a lot scarcer."[67]

Speculation and cooperation

By mid-2006, however, the Conference was highlighting oversupply in the market, which came to a head at a Consultative Meeting of the Conference in Doha, Qatar, from 19–20 October 2006. Here, the Conference decided to adjust production downwards by 1.2 mb/d, from current production of about 27.5 mb/d, to 26.3 mb/d, effective 1 November 2006. The press release noted "that crude oil supplies are well in excess of actual demand, as the above-average level of crude stocks in OECD countries demonstrates, and that the over-supply situation and imbalance in supply/demand fundamentals have destabilized the market."[68]

At the 143rd (Extraordinary) Meeting of the OPEC Conference in Abuja, Nigeria, on 14 December 2006, there was a further downwards adjustment of 500,000 b/d, with effect from 1 February 2007, in order to balance supply and demand. Angola also joined the Organization as a Member at this meeting, with effect from the start of 2017.[69]

While fundamentals were suggesting an oversupplied market, prices kept rising. On 16 October 2007, after the ORB had topped \$80/b, El-Badri, provided a market update in a press statement, declaring: "The rising oil prices which we are currently witnessing are … largely being driven by market speculators."[70]

It was evidently a period where the issues of speculators came to the fore. Oil was being used extensively as a financial asset, at a time when large amounts of money were flowing into commodity markets to balance portfolio risks and seek higher returns.

This was highlighted by Michael W Masters, Managing Member/Portfolio Manager, Masters Capital Management, LLC, who spoke before the Committee on Homeland Security and Governmental Affairs of the US Senate on 20 May 2008.

He said: "You have asked the question "Are Institutional Investors contributing to food and energy price inflation?" And my unequivocal answer is "YES". In this testimony I will explain that Institutional Investors are one of, if not the primary, factors affecting commodities prices today. Clearly, there are many factors that contribute to price determination in the commodities markets; I am here to expose a fast-growing yet virtually unnoticed factor, and one that presents a problem that can be expediently corrected through legislative policy action."[71]

By the third quarter of 2007, however, there had been a shift of the forward market into backwardation, with implications for stocks. This was noted at the 145th Meeting of the Conference, which also highlighted the coming high-demand winter season, and thus the Conference decided to adjust production upwards by 500,000 b/d, effective 1 November 2007, to ensure the market is adequately supplied.[72]

The first seven years of the new millennium was also a period of major developments for dialogue and cooperation, as discussed in *Chapters 9* and *10*. This included dialogues entered into between OPEC and the EU and between OPEC and the Russian Federation; enhanced relations between OPEC and the IEA; and the continuing development of the International Energy Forum (IEF), with the Secretariat located in an OPEC Member Country, Saudi Arabia.

It was also in Saudi Arabia where the Organization held its Third OPEC Summit of Heads of State and Government in November 2007. The historic event saw the Custodian of the Two Holy Mosques, HM King Abdullah Bin Abdulaziz Al-Saud of Saudi Arabia, underscore that petroleum is energy for "construction and building" and should not be transferred into a means of "conflict and whims."[73]

He also underlined how OPEC had gone much further than its original objectives, specifically not disavowing "its responsibilities towards developing countries and combating poverty. In this regard, it set up the OPEC Fund for International Development, whose contributions cover more than 120 countries." Additionally, he stated, Member Countries of OPEC have extended, perhaps, the highest developmental assistance to beneficiary countries "if we take into consideration their national revenues."[74]

King Abdullah's speech proved fitting for the concluding Solemn Declaration that neatly wove together the Organization's principal objectives with the following crisp terminology, which would henceforth be used extensively in presentations about OPEC: "(The Heads of State and Government) have agreed to the following principles to guide our Organization and Member Countries' economic, energy and environmental endeavours, within the following three themes: stability of global energy markets; energy for sustainable development; (and) energy and environment."[75]

In looking back, the *OPEC Bulletin* wrote in its commentary in the January 2008 issue: "Four years is a very long time for a protracted state of market volatility, and let us hope that, in 2008, we finally see an end to it, to the satisfaction of producers and consumers alike."[76]

How wrong this would turn out to be! As the world entered 2008, no-one could have predicted what was to come in the following 12 months. It would have major repercussions for the oil market and OPEC Member Countries, and drive a large crater through the global economy.

*The **87th Meeting of the OPEC Conference**, 25–27 July 1990, Geneva, Switzerland.*

*Discussions at the **90th Meeting of the OPEC Conference**, 26–27 November 1991, Vienna, Austria.*

The ***97th Meeting of the OPEC Conference****, 21–23 November 1994, Bali, Indonesia: the opening ceremony was presided over by Indonesia's President Suharto, with OPEC Ministers in attendance.*

Heads of Delegation at the ***103rd Meeting of the OPEC Conference****, 26 November–1 December 1997, Jakarta, Indonesia.*

*The **5th Meeting of High-Level Experts on Preparations for the 2nd Heads of State Summit**, 26–27 September 2000, Caracas, Venezuela, was attended by Members of the Organizing Committee for II Summit including Dr Rilwanu Lukman and Mohammad Sanusi Barkindo.*

*The **2nd Heads of State Summit**, 26–27 September 2000, Caracas: Hugo Rafael Chávez Frías, President of Venezuela, welcomes Dr Rilwanu Lukman, OPEC Secretary General.*

The Heads of State and their Representatives at the ***Second OPEC Summit of Heads of State and Government*** *in Caracas, Venezuela, in 2000 (front row, l-r); HH Sheikh Hamad Bin Khalifa Al-Thani, Emir of Qatar; Mohammad Khatami, President of IR Iran; Abdelaziz Bouteflika, President of the Republic of Algeria; Hugo Chávez Frías, President of the Bolivarian Republic of Venezuela; Abdurrahman Wahid, President of Indonesia; Olusegun Obasanjo, President of the Federal Republic of Nigeria. Back row (l-r): Brigadier Mustafa Muhammed Kharrubi, Personal Representative of the Leader of the Revolution of Libya; HH Sheikh Hamad Bin Mohammad Al-Sharqi, Member of the Supreme Council and Ruler of Fujairah, UAE; HRH Crown Prince Abdullah Bin Abdulaziz Al-Saud, Saudi Arabia; Sheikh Saud Nasser Al-Sabah, Minister of Oil, Kuwait.*

Dr Rilwanu Lukman, OPEC Secretary General, speaking at the ***Second OPEC Summit of Heads of State and Government****.*

Venezuelan President, Hugo Rafael Chávez Frías (c), visited the OPEC Secretariat on 25 October 2001.


*The **131st Meeting of the OPEC Conference** took place in Beirut, Lebanon, 3 June 2004, and was attended by OPEC and non-OPEC Heads of Delegation. The picture was taken on a visit to Damascus, Syria, following the OPEC Conference.*

*The **137th Meeting of the OPEC Conference**, 19–20 September 2005, Vienna, l–r: HRH Prince Abdul Aziz Bin Salman Al Saud, Assistant Minister of Petroleum & Mineral Resources; Sheikh Ahmed Fahad Al-Ahmad Al-Sabah, Minister of Energy, President of the Conference and OPEC Secretary General; Dr Adnan Shihab-Eldin, Director, Research Division, Acting for the Secretary General.*

*In Vienna, 20 September 2005, the Organization adopted its first **Long-Term Strategy** (LTS). HRH Prince Abdul Aziz Bin Salman Al Saud chaired the meetings that put together the LTS.*

Pictured at the ***Third OPEC Summit of Heads of State and Government****, Riyadh, Saudi Arabia, from 12–18 November 2007, from l–r: OPEC Secretary General, Abdalla Salem El-Badri; Angolan President, Dr José Eduardo dos Santos; the Emir of Qatar, HH Sheikh Hamad Bin Khalifa Al Thani; United Arab Emirates President, HH Sheikh Khalifa Bin Zayed Al-Nahyan; IR Iranian President, Mahmoud Ahmadinejad; Venezuelan President, Hugo Chávez Frías; The Custodian of the Two Holy Mosques, HM King Abdullah Bin Abdulaziz Al-Saud of Saudi Arabia; Iraqi President, Jalal Talabani; Indonesian Vice President, Jusuf Kalla, representing the President, Dr Susilo Bambang Yudhoyono; Chairman of the People's Committee, the National Oil Corporation of Libya, Dr Shokri Ghanem, representing the Leader of the Revolution, Colonel Moammer El Qaddafi; Nigerian President, Umaru Musa Yar'Adua, GCFR; the Emir of Kuwait, HH Sheikh Sabah Al-Ahmad Al-Sabah; Algerian President, Abdelaziz Bouteflika; Saudi Arabian Crown Prince Sultan Bin Abdul Aziz, Second Deputy Prime Minister and Minister of Defense and Aviation and Inspector General; Ecuadorean President, Rafael Correa.*

The ***Third OPEC Summit Ministerial Symposium****, 15–16 November 2007, Riyadh.*

Chapter 6:
Interconnected World

2008-15

"It is too soon to say."

This pithy reply was purported to be Chinese Premier, Zhou Enlai's response in 1968 to the question, "What is the significance of the French Revolution of 1789?" Whether true or not, it has triggered debate about how much time must pass in history for us to understand the significance and ramifications of a particular event.

From the vantage point of 2020, it may appear too early to record the significance of the 'Great Recession' of 2008, especially when compared to the so-called 'Great Lockdown' recession of 2020. Nevertheless, by every conceivable metric, the financial crisis of 2008 is a seminal moment, a 'zero-point', which profoundly altered the world. In terms of macroeconomics, global capitalism, geopolitics, philosophy; the ramifications of this event shape our modern world and its tremors continue to be felt even today.

As the International Monetary Fund (IMF) has written: "The 2008 financial crisis was the most severe shock to hit the global economy in more than 70 years."[1] Economic historian Adam Tooze, who has written one of the most comprehensive accounts of the financial crisis, described it as follows: "Never before, not even in the 1930s, had such a large and interconnected [financial] system come so close to an implosion."[2] Al-Naimi concurs, writing: "When Lehman Brothers declared bankruptcy on 15 September 2008, the world changed overnight."[3]

The consequences for the oil industry were profound and multifarious.

OPEC had not existed the last time the world had faced such a perilous economic position. By 2008, of course, the Organization was woven into the fabric of the global economic system, and it would be called upon to harness all of the experience accumulated over the previous 48 years to navigate these extremely choppy waters.

As Tooze has shown, the crises unleashed in 2008, can be categorized as three interwoven ones, each with profound consequences. The first began in 2007, when a depreciation in subprime mortgages in the US escalated into an international banking crisis, with the Lehman Brothers investment bank being one of the most notable casualties. This period was characterized by unprecedented government 'bailouts' to prevent the collapse of the world financial system, as well as new regulations to prevent the excessive risk-taking in the banking sector which caused the crisis in the first place.

The second was the long, seemingly intractable, European debt crisis between 2010 and 2015. The very survival of the Eurozone was on the line and a complete rethinking of the role of the European Central Bank was undertaken.

The third crisis was in emerging markets in 2014–15. Its significance was not confined to emerging markets and had the potential to completely upend the slow and painful recovery that had been underway in developed countries since 2008. It was closely linked to a collapse in commodity prices. As the *Economist* noted, the threat that this crisis posed, was "nothing less than a calamity."[4]

For everyone alive at the time, memories of this period are evocative and at times exhausting! For the main players at OPEC, this was no different. The first and third components of Tooze's categories of the crises had particular significance for the oil market. Thankfully, the Organization survived this tumultuous period and carved out a distinct role for itself, ushering in a new era in the long history of oil.

2008 — Tumultuous year

In his opening remarks at the 148th Meeting of the OPEC Conference in March 2008, Dr Chakib Khelil, Minister of Energy and Mines of Algeria and President of the Conference in 2008, uttered some words that would prove remarkably prescient. "In recent months, there have been signs that the oil market is moving into a new phase. This has reflected developments in the world economy, which is now entering a period of slower growth, after an unprecedented six years of strong expansion. Turbulence in financial markets, the deepening sub-prime mortgage crisis in the US and weakening economic data in the EU and Japan support expectations of a general economic slowdown in all OECD regions,"[5] he said.

Six days thereafter, however, the ORB broke through the $100/b barrier. The $110/b barrier fell on 23 April and the $120/b barrier on 20 May. On 9 June, the Basket touched $130/b. Al-Naimi described the response in the following way: "We in Saudi Arabia realized that we would have to be the ones to break the oil market's speculative fever. King Abdullah called for an emergency meeting of both oil producing and oil consuming nations in June 2008 in Jeddah."[6]

Top government and industry interests, representing both producers and consumers from across 36 countries and major IOCs, attended this meeting on 22 June 2008. They examined the market's behaviour and discussed means of restoring calm and order. A background paper, prepared jointly by Saudi Arabia, OPEC, the IEA and the IEF, provided the basis for what became known to posterity as the 'Jeddah Energy Meeting'.

A consensus emerged at the meeting that this was a complex, multifaceted issue in an increasingly interdependent energy world, but that there was no 'quick fix'. However, the meeting was seen as the start of a long process to address underlying market issues, and dialogue was central to this, with calls for closer collaboration among OPEC, the IEA and the IEF. A follow-up meeting would be held in London on 19 December.

Dr Fatih Birol, then chief economist of the IEA, later said: "The Jeddah meeting was crucial. High prices were having significant implications for the global economy; however, Saudi Arabia was the only country feeling responsible for taking care of global oil markets."[7]

Following the meeting, Saudi Arabia announced that it was increasing its daily crude oil output by 200,000 b/d to 9.7 mb/d.[8] As a history of the IEF noted, Saudi Arabia's actions "played a key role in convincing the market to price in a more elastic supply curve. Some of the thrust behind rising prices had come from a perception that key producers were unwilling, or even unable, to increase production to limit oil price rises. That position became untenable when a key producer announced, and then delivered significant increases in output."[9]

Oil prices continued to rise after the Jeddah meeting, with the ORB finally peaking at $140.73/b on 3 July. Substantial declines then set in, spurred on by concerns about slower demand growth at a time of weak economic signals. On the day the 149th Meeting of the OPEC Conference opened in Vienna on 9 September 2008, the Basket price fell below $100/b for the first time in five months, completing a plunge of 30 per cent since the historic peak on 3 July.

Dr Khelil added more numbers in his opening address to the two-day meeting, saying that, since the previous Meeting of the Conference in March, "we have seen crude prices rise by as much as $10/b in just one day and fall by $15/b in three days," and highlighted the harmful role that speculation was playing in this volatility.[10]

Six days after this Conference was held, Lehman Brothers in the US filed for *Chapter 11* bankruptcy protection following the mass exodus of its clients, a tanking of the credit rating of its assets by agencies and drastic losses in its stock.[11] The reaction in the oil market to this and the deteriorating economic situation was severe, with prices falling from $90/b on 16 September to below $40/b on 4 December.

As the turmoil spread worldwide, uncertainty about US bailout plans signaled fears of a looming recession. Despite a move by central banks around the world to safeguard the financial system, equity markets were very volatile, mostly on the downside. In November, announcements by some industrialized nations that they were in recession plunged equity markets to five-year lows, fanning fears of further oil demand destruction, despite stimulus bailout plans that were injecting new capital and lower interest rates. A rebound of the dollar against major currencies inspired an exit of investors from futures.

OPEC convened an 150th (Extraordinary) Meeting of the Conference on 24 October 2008. According to the press release issued after the Meeting: "Forecasts indicate that the fall in demand will deepen, despite the approach of winter in the Northern Hemisphere. Similarly worryingly, the Conference noted that oil prices have witnessed a dramatic collapse — unprecedented in speed and magnitude — falling to levels which may put at jeopardy many existing oil projects and lead to the cancellation or delay of others, possibly resulting in a medium-term supply shortage." While stating that Member Countries would continue to provide crude oil volumes required by consumers, the Conference decided to adjust down OPEC-11 production by 1.5 mb/d, effective 1 November 2008.[12]

On 22 October, Secretary General, El-Badri, met with the President of the Russian Federation, Dmitry Medvedev, to discuss the market situation. El-Badri highlighted the behaviour of oil markets in recent years, stressing that they remained well supplied and that the observed high volatility was mainly caused by non-fundamentals, such as the value of the dollar and speculation in futures markets and non-regulated exchanges.[13]

The Oran Meeting and its aftermath

The 151st (Extraordinary) Meeting of the OPEC Conference took place on 17 December 2008, in the coastal Algerian city of Oran. Al-Naimi described the scene in his autobiography by emphasizing his determination to pursue an adjustment decision and "make it stick."[14] He also noted: "As a result of the global financial crisis, crude oil consumption worldwide was set to decline for the first time in 25 years."[15]

In his opening remarks, Dr Khelil said the world economic outlook was not expected to improve over the winter and was slowing down faster than expected. It was clear ministers attending the meeting were faced with a stark situation; there was sense of urgency that the extraordinary meeting required an extraordinary decision.

In the face of such a situation, the Conference agreed to adjust 4.2 mb/d from the actual September 2008 OPEC-11 production level of 29.045 mb/d, with effect from 1 January 2009. This number will jump out at the reader: it was the largest adjustment in the Organization's history, a record it would hold until the production adjustments of April 2020. At the same time, the Conference renewed its call on non-OPEC producers and exporters, with Azerbaijan, Oman, the Russian Federation and Syria observers to the meeting, to cooperate with the Organization in supporting oil market stabilization. In describing the impact of Oran, Dr Khelil told reporters: "It was a historic conference, and it enabled us to meet the challenge of falling markets."[16]

The Oran adjustment decision would be rolled over at successive Meetings of the Conference between December 2008 and December 2011. Throughout this period, the Conference continued to monitor the various ramifications of the financial crisis. Indeed, the press releases following the conferences provide a fascinating overview of the issues that grappled the global economy and oil market during those three years.

Moving into 2009, the year could hardly have started with a bleaker outlook for the world economy. Many people believed that the worst was yet to come, with the onset of recession in many countries, bankruptcies, falling house prices, car industries on the verge of collapse, rising unemployment, and shelved or abandoned investment plans. These worries naturally fed into the oil industry, where there had been a substantial scaling-back of investment, with many projects delayed, shelved or abandoned, and that did not augur well for the provision of future capacity when the global economy picked up again. As Al-Naimi stated, "demand was so fragile," therefore, there were no further production decisions.[17]

The Conference met four times in 2009. The meetings underscored the precarious position of both the global economy and the global oil market, but slowly and steadily, the Oran decision began to have an impact and reintroduce some semblance of balance to the market.

Just three months after the Oran meeting, the Conference reconvened in Vienna for its 152nd Meeting on 15 March 2009. Conference President, Eng José Maria Botelho de Vasconcelos, Angola's Minister of Petroleum, noted the bleak economic prospects for 2009 and its impact on the oil industry in his opening remarks: "It affects everything from day-to-day operations to longer-term investment decisions. It goes right along the supply chain. Already, there have been many cutbacks, cancelled projects and job losses in our industry. The outlook for oil demand in the coming months — and longer — concerns all of us in the industry. Crude oil prices are at levels that do not support sound investment strategies for the future. If this continues for much longer, the boom/bust cycles will continue for years to come. We would all suffer, if this happened — producers and consumers alike."[18]

In the press release following the 153rd Meeting of the Conference, held on 28 May 2009, the Conference noted that while it was pleased to observe the positive effect that OPEC's decisions were having in redressing the supply and demand balance and restoring some degree of stability, challenges remained. Once again it highlighted the potential longer-term impact on investments, but also the fact that OECD commercial oil inventories remained high with the level at the end of April 2009 standing close to the record high witnessed in February 1998.[19]

The storm clouds over the global economy had not dissipated by the time the 154th Meeting of the Conference convened on 9 and 10 September 2009, but by the end of the year there were some green shoots of recovery.

This was noted at the 155th (Extraordinary) Meeting of the Conference on 22 December 2009 in Luanda, Angola. The press release noted that while the worst of the recession appears to be over, "the world economy remains confronted with the deepest, most widespread contraction since the 1940s. For the first time since the early 1980s, world oil demand has declined for the second, successive year."[20]

As a new decade dawned, the Burj Khalifa, the world's tallest building, at 829.8 metres, officially opened in Dubai, UAE, on 4 January, but from the perspective of the global economic landscape and the oil market outlook, things remained fragile.

At the 156th Meeting of the OPEC Conference in Vienna on 17 March 2010, Conference President, Germánico Pinto, Minister of Non-Renewable Natural Resources of Ecuador, noted: "The strength of the global economic recovery in 2010 remains uncertain and uneven. The firmer growth is expected to occur in the non-OECD areas, but even this may be affected by government measures to address overheating emerging economies. However, the recovery is far from self-sustaining in the major OECD countries and fears of double-dip recession remain a threat. The issue of exit strategies from the stimulus packages of a year ago and the right timing of adjustment is becoming a key factor in the recovery process."[21]

It was clear, however, that the decision taken in Oran was beginning to bear fruit and was helping restore order and stability to the oil market. At the 157th Meeting of the OPEC Conference on 14 October 2010, Secretary General, El-Badri, told the media on the sidelines of the meeting that the Oran decision was one of the best decisions ever taken by OPEC. "It gave us the stability we needed at that time. I think what we are doing at this time is perfect," he affirmed.[22]

The European sovereign debt crisis also became part of the Conference's analysis as the year concluded. As the press release following the 158th Meeting of the Conference, held on 11 December 2010, attests: "The Conference observed that the increase in the annual average oil demand in 2011 is likely to be lower than in 2010. This expectation of lower demand growth is coupled with challenging risks to the fragile global economic recovery, including the adverse effect of possible currency conflicts and fears of a second banking crisis in Europe, all of which would negatively impact on oil demand."[23]

From 50 Year Anniversary to Cancun Declaration

As the global financial crisis continued, with governments throughout the world introducing austerity policies to cope with the large bailouts used to keep the banking sector afloat, as well as the beginning of the debt crisis in the Eurozone, the oil market watched such developments with bated breath.

For OPEC, however, there were two sources of celebration in 2010, the relocation to new premises on Helferstorferstrasse *(see Chapter 13)* and the Organization's 50th Anniversary.

Throughout the year, there were several activities, including a festival of African, Latin American and Middle Eastern art, dance, fashion, food and music as part of activities to celebrate its Golden Jubilee. The Anniversary Exhibition took place at Vienna's historic Kursalon between 20–29 September 2010.

Between 18–20 October 2010, an International Energy Symposium, on the occasion of OPEC's 50th Anniversary was held in Riyadh. Secretary

General, El-Badri, said in his remarks at the meeting: "The importance of dialogue between international organizations, particularly in terms of bringing together producers and consumers, has never been greater. The reason is that globalization, international trade and mass communication are bringing us all closer together. This fact was clearly evident during the global financial and economic crisis … With energy central to each and every one of us, it is critical that all stakeholders work together for market stability. This is vital for the effective and efficient functioning of the global energy market."[24]

This would prove prescient for the coming decade, as would another extremely significant event in 2010, the Cancun Declaration. This was endorsed by energy ministers at the 12th IEF Ministerial Meeting in Cancun, Mexico, in March 2010 *(see Chapter 9)*. As the press release issued afterwards stated: "The Cancun Declaration agreed upon by 66 IEF countries, confirms the political and financial commitment of IEF countries to an enhanced energy dialogue and outlines the path for a stronger institution. The IEF will become more capable of defining and commissioning insightful analyses, providing better information to governments to facilitate a more informed and fruitful dialogue. This will permit enhanced cooperation on improving the functioning of energy markets."[25]

The press release also indicated: "Ministers at the 12th IEF Ministerial also applauded a historic agreement between the IEA, IEF and OPEC which identifies specific areas of cooperation that are in line with and supportive of the Declaration.

"They have agreed to share analysis on
   i) present and future market trends;

ii) links between physical markets, financial markets and regulation; and

iii) enhancing transparency even further through collecting data on natural gas and annual investment plans on energy production.

The plan is codified in a formal agreement recently approved by their respective governing boards."[26] This understanding forms the basis of OPEC's cooperation with the IEF and IEA up until the present day.

HRH Prince Abdul Aziz Bin Salman Al Saud, Assistant Minister of Petroleum and Mineral Resources, Saudi Arabia, and Chair of the High Level Steering Group (HLSG) for the Declaration, stated: "The Declaration is an embodiment of the shared views of producers and consumers and a recognition of the need for stronger, broader and more effective cooperation. The IEF Charter, reflecting the expanded role and additional tasks of the IEF, will enable us to achieve such an objective."[27]

The 30 mb/d production level

The uncertainty of the global economic outlook throughout 2011 prompted discussions about whether it would be appropriate to revise the decisions of Oran. As the year drew to a close, the headlines were increasingly dominated by the second phase of the interconnected crises unleashed in 2008: the Eurozone debt crisis.

The *MOMR* ran a special report on the issue in January 2012 and noted that volatility continued to plague the international oil market, despite higher production from OPEC with Libya bringing more and more barrels back onstream after dropping significantly in 2011. "This volatility was mainly due to the impact of Europe's debt crisis on market sentiment and worries that possible contagion effects could seriously undermine economic growth in Europe and the rest of the world."[28]

The OPEC Conference decided at its 160th Meeting, on 14 December 2011, to maintain the production level of 30 mb/d. This decision would remain in place for almost four years, until December 2015.[29]

The press release that followed the Conference noted that heightened volatility during 2011 "is predominantly a reflection of increased levels of speculation in the commodities markets, exacerbated by geopolitical tensions, rather than a result of supply/demand fundamentals. The Conference further observed that downside risks facing the global economy continue to include: the sovereign debt crisis in the Eurozone; persistently high unemployment in the advanced economies; and inflation risk in the emerging economies. Planned austerity measures, not only in the Eurozone but also in other OECD economies, are likely to contribute to lower economic growth in the coming year … In light of the foregoing and given the demand uncertainties, the Conference decided to maintain the current production level of 30 mb/d, including production from Libya, now and in the future."[30]

Throughout 2012, in its analysis of market conditions, the Conference returned to an issue that continued to play a role in contributing to market volatility: speculation. In the press release following the 162nd Meeting of the OPEC Conference held on 12 December, Ministers noted again that volatility witnessed throughout 2012 remained mostly a reflection of increased levels of speculation in the commodities markets, exacerbated by geopolitical tensions.

It also observed "the mounting pessimism over the global economic outlook, with downside risks continuing to be presented by the sovereign debt crisis in the Eurozone; high unemployment in the advanced economies, especially the Eurozone; and inflation risk in the emerging economies. Indeed, the biggest challenge facing global oil markets in 2013 is uncertainty surrounding the global economy, with the fragility of the Eurozone remaining a major concern."[31]

Throughout 2013, however, there were signs of improvement in the economic outlook and when the Conference next met, on 4 December 2013, for its 164th Meeting, it was clear the market was enjoying a greater degree of stability. Conference President, Mustafa Jassim Mohammad Al-Shamali, Deputy Prime Minister and Minister of Oil of Kuwait, stated in his opening remarks: "In the six months that have passed since the Conference met here in Vienna in May, we have seen an increasingly stable oil market, which is a reflection of the gradual recovery in the world economy."[32] The Conference maintained the current production ceiling of 30 mb/d, "in the interest of maintaining market equilibrium."[33]

As 2013 ended, however, according to Al-Naimi: "My advisers at the Ministry of Petroleum were offering a gloomy prognosis of the year ahead. We kept a close watch on supply and demand trends going forward."[34] Throughout the year, he added, he saw increasing concerns about rising supply outweighing global demand, which came to a head later in the year. There was evidently ever-increasing year-on-year supplies coming from US shale (tight) oil.[35]

"We were open to working with other oil producers" to adjust production said Al-Naimi, "but any group action had to include non-OPEC producers."[36] It would eventually lead to various rounds of diplomacy efforts, with OPEC and non-OPEC ministers involved, as volatility continued to swirl across the market. There was much unease about the prospects ahead.

This eventually led onto the 166th Meeting of the OPEC Conference in Vienna on 27 November 2014, with various side meetings prior to the Conference taking place in hotels across Vienna. The call for non-OPEC to share some of the burden of adjustments was not forthcoming and after a long meeting, the OPEC Conference decided to maintain the decisions of the 160th Meeting of the Conference.

In the press release, the Conference said it would maintain its current output levels in the interest of "restoring market equilibrium" and "as always, in taking this decision, Member Countries confirmed their readiness to respond to developments which could have an adverse impact on the maintenance of an orderly and balanced oil market."[37]

With the benefit of hindsight, it can be said that the period 2008–14 was characterized by oil market recovery and then gradual stability. The actions of OPEC were supportive in this regard. It was an example of how responsible producers should behave and, throughout the time period, OPEC called on other producers to join the endeavour of working towards oil market stability.

It was, however, also a period where concurrent developments in other parts of the oil world were happening apace; ones that were to have an impact on the oil industry in a major way.

The unconventional boom

As stated at the beginning of this chapter, the litany of ramifications stemming from 2008 are as numerous as they are complex. When looking at how the Great Recession affected the energy industry, one of the clearest manifestations of this is the surge in unconventional or 'shale' (tight) oil production. The development of this 'boom' cannot be understood without examining the financial context that made it possible.

One of the best authorities on the unconventional US boom has been the American author, Bethany McLean, who has emphasized the importance of the availability of capital for the expansion in unconventional oil. As she has written: "The most vital ingredient in fracking isn't chemicals, but capital, with companies relying on Wall Street's willingness to fund them. If it weren't for historically low interest rates, it's not clear that there would even have been a fracking boom."[38]

McLean's view is corroborated by Amir Azar, a fellow at Colombia University's Centre on Global Energy Policy. "The real catalyst of the shale revolution was … the 2008 financial crisis and the era of unprecedentedly low interest rates it ushered in," he wrote in a report entitled, *'Reserve Base Lending and the Outlook for Shale Oil and Gas Finance.'*[39] As Adam Tooze has also written: "Both at home and abroad, the Fed's low interest rate policy created a superheated investment climate. By its bond purchasing programme, which pushed up bond prices and depressed yields, the Fed incentivized investors to shift out of bonds and to place their funds in higher-risk, higher-return assets."[40]

A further interesting dimension to these developments, and the past history of shale (tight) oil, is provided by Al-Naimi who wrote: "Although viewed as a recent phenomenon, Europeans were documenting research on shale oil in the Middle Ages. Commercial production of oil, which is tightly bound in very dense rock compared to the relatively porous rock formations where conventional oil and gas are found, was under way in France by the 1830s, and quickly spread across much of Europe, and America and Canada as well by the mid-19th century. But over time cheaper whale oil, and then conventional crude oil, shut down most of the more costly shale oil production around the world."[41]

From 2009 onwards, easy access to capital made shale drilling more compelling. With prices relatively stable at around $100/b, it no longer seemed an unappealing prospect for investors. As OPEC's 2019 edition of the *WOO* stated: "Tight oil reserves are characterized not only by the low permeability of the enclosing plays, but also by a fine distribution of oil in tiny pores. Surface or adhesion forces are far larger than the gravitational gradient that separates gas and oil phases in conventional reservoirs. This makes it necessary to use a combination of horizontal or directional drilling and fracking."[42]

The *WOO* described directional drilling as: "The main technique used in the sector since the drilling head needs to follow the typically thin layers containing hydrocarbons. This is carried out by incorporating a downhole motor into the drill head, increasing the manoeuvrability of the head so it can continuously change orientation."[43]

Fracking is the method used to open or enlarge pores in a tight oil reserve and drive the oil out of those pores. As the *WOO* stated: "A liquid — typically already containing proppants — is injected into the well at very high pressure (at least several hundred bars) so that the rock starts to crack along already existing natural defects in the rock and multitudes of small and thin channels (typically a few μm wide) are opened."[44]

The *WOO* also emphasized another important factor in shale (tight) oil developments: "The tight oil boom is in part a consequence of rapidly advancing technology. Although high oil prices may have been the trigger behind this sector's emergence, the steep learning curve of participants quickly reduced production costs. The number of wells served by one single rig has increased substantially — in some case to more than ten — and the drilling length of the wells has become as long as 2,500 m."[45]

The impact on US production was transformational. Texas's Permian Basin moved to rank only second to Saudi Arabia's Ghawar oil field in production per day.[46] US crude oil production increased by almost 5 mb/d from end of 2013 to around 12.8 mb/d at the end of 2019, with shale (tight) oil accounting for almost all of this growth. In a monumentally significant move in 2015, US President Barack Obama signed into law a lifting of the US ban on exporting crude oil that had been in place since 1977.

"The US tight oil sector has continued to defy expectations," according to the *WOO 2019,* "with supply having risen by an unprecedented 2.2 mb/d in 2018. Tight crude accounted for 1.6 mb/d of that and unconventional NGLs another 600,000 b/d."[47]

As the shale (tight) oil industry boomed, particularly in North America, OPEC officials were frequently asked about the Organization's position on tight oil. The position is clear and relates to the long-term trajectory for oil demand, with the WOO 2019 expecting oil to remain the fuel with the largest share in the energy mix throughout the forecast period to 2040.

Given the anticipated increase in oil demand, and primary energy demand, there is room, indeed a need, for new sources of unconventional oil. That said, there remains a fundamental onus to ensure a stable oil market in the interests of producers, consumers and the global economy. The responsibility for this rests with all producers and not just a few. All producers need to share ownership of this task.

As current OPEC Secretary General, Mohammad Sanusi Barkindo, has said on many occasions in his discussions with representatives from the shale (tight) oil industry: "We are all in the same boat."

Volatile market conditions are as harmful for OPEC Member Countries as they are for US independents, who have been at the forefront of the tight oil revolution. This can be very clearly attested to in the next section of the chapter, which deals with the severe downturn in the oil market, sometimes known as the Great Bust between 2014 and 2016, as well as in the next chapter that deals with the unprecedented oil market upheavals of 2020.

OPEC's policy towards the shale oil industry has been, therefore, a call for cooperation, dialogue and responsible action. In his missions to the US, Secretary General, Barkindo, has held meetings with independent producers, particularly on the margins of CERAWeek, held annually in Houston. The Organization has repeatedly engaged with the IEF and IEA in joint workshops on the topic and held meetings with relevant analysts, experts and representatives from the shale (tight) oil industry visiting the OPEC Secretariat. The *OPEC Bulletin* has published numerous articles on the subject and solicited input from leaders in the shale industry.

As outlined in *Chapter 9*, discussions with the US Independents have become part of the OPEC International Energy Dialogues. These usually take place on the margins of larger gatherings of the energy community. The seeds planted in these discussions gestated into a new era of cooperation in 2020, when the US played an active role in backing the historic supply adjustments, supported by the G20 and dealt with in more detail in *Chapter 8*.

The Great Bust 2014–16

If ever there was incontrovertible proof that oil producers were all 'in the same boat,' it was during the Great Bust between 2014 and 2016 that devastated the oil industry. This was linked to the third of the three interrelated crises identified by Tooze, the financial crisis in developing countries, which was closely related to a collapse in commodity prices. In addition to the commodity price collapse was the complex interplay between monetary policy, debt yields and investments in emerging markets.

Commodity and financial market developments were evidently on the minds of OPEC ministers as they met throughout 2015. There were also continuing signs that OPEC realized it could not act alone to address any oil market imbalance.

Speaking at the 6th OPEC International Seminar in Vienna on 3 June 2015, Secretary General, El-Badri, said: "We welcome recent OPEC and non-OPEC discussions. I have read many reports that suggest OPEC is targeting specific non-OPEC countries or producers with its decisions. This is not true. We welcome all producers. In the current market environment, I think we can all appreciate that the challenge of maintaining the supply-demand balance and reaching ... stability requires the cooperation of major non-OPEC producers. We should remember what cooperation between OPEC and non-OPEC producers achieved back in the 1998–99 crisis."[48]

The 167th Meeting of the Conference followed on 5 June, with

Dr Mohammed Bin Saleh Al-Sada, Qatar's Minister of Energy and Industry and Alternate Conference President, highlighting in his opening address the continuing oversupply and significant stock builds in the first half of the year. He also added: "As a result of the downward price trend, a number of projects have been cancelled or put on hold, and investment plans have been revised. Rig counts have fallen dramatically, and many industry workers have been laid off. The current environment is clearly challenging — and has become a test for both oil producers and hydrocarbon investors."[49] The decisions of the 160th Meeting of the OPEC Conference were rolled over and all Member Countries were urged to adhere to it.[50]

Following celebrations to mark 50 years of OPEC in Vienna on 1 September 2015, the 168th Meeting of the Conference met in Vienna on 4 December. It was clear that the oil market situation had deteriorated further. Dr Emmanuel Ibe Kachikwu, Minister of State for Petroleum Resources of Nigeria and President of the OPEC Conference, stated in his opening address that "there is no doubt that our industry is in the midst of another challenging cycle."[51] Again, there was also a call for broader cooperation, with Kachikwu stating that "dialogue and collaboration with consumers, non-OPEC producers, oil companies and investors are essential in reaching our common goal of a more orderly oil market."[52]

The Meeting also saw the Conference approve Indonesia's resumption of its full Membership in the Organization, although it decided to suspend it again in November 2016.

Before the year was out, Parties to the UNFCCC reached a landmark agreement to combat climate change at COP21 in Paris, on 12 December 2015, with OPEC and its Member Countries fully supportive and continuing to be active partners in climate change negotiations.

At the end of 2015, it was clear the Great Bust was sparing nobody in its severity; this included producers, consumers and the global economy. Emerging markets were particularly exposed and this in turn could have harmful consequences for developed nations. The lasting legacy of the Great Recession of 2008 and its subsequent crises was that it powerfully had shown how interconnected the global economy was and is. Volatility in one economic sector, in a seemingly remote part of the world, can have major implications in another sector, in a different country.

Therefore, the stakes could not have been higher for OPEC, the oil industry and the global economy as we entered 2016. There was an acute need to seek a course of action to revive the fortunes of the oil industry, which had the potential to have positive knock-on impacts for the global economy.

The ***148***[th] ***Meeting of the OPEC Conference****, 4–5 March 2008, Vienna, Austria, l–r: Odein Ajumogobia, Minister of State for Energy (Petroleum), Nigeria; Mohamed Bin Dhaen Al-Hamli, Minister of Energy, UAE; Eng Desiderio da Graca Verissimoe Costa, Minister of Petroleum, Angola; Abdalla Salem El-Badri, OPEC Secretary General; Chakib Khelil, Minister of Energy and Mines, Algeria; Rafael Ramirez, Minister of Energy & Petroleum, Venezuela; Abdullah Bin Hamad Al Attiyah, Minister of Energy & Industry, Qatar; Ali Al-Naimi, Minister of Petroleum & Mineral Resources, Saudi Arabia; Gholamhossein Nozari, Minister of Petroleum, IR Iran; Dr Shokri Ghanem, Chairman of the Management Committee, NOC, Libya; Dr Galo Chiriboga Zambrano, Minister of Mines & Petroleum, Ecuador; Mohammed Abdulla Al-Aleem, Minister of Oil, Kuwait; Hamid Dahmani, Governor for OPEC, Algeria; Dr Maizar Rahman, Governor for OPEC, Indonesia.*

Delegations at the ***149***[th] ***Meeting of the OPEC Conference****, 8–9 September 2008, Vienna.*

*The **151st (Extraordinary) Meeting of the OPEC Conference**, Oran, Algeria, 17 December 2008, was a seminal meeting for the Organization. An extraordinary meeting that required an extraordinary decision.*

*The **Jeddah Energy Meeting**, 22 June 2008, Saudi Arabia, was convened by the Custodian of the Two Holy Mosques, HM King Abdullah Bin Abdulaziz Al-Saud, and brought together both producers and consumers.*

*The **12th International Energy Forum (IEF) Ministerial** and its associated **4th International Energy Business Forum (IEBF)**, Cancun, Mexico, 30–31 March 2010.*

Ministers and Austrian officials at the ***156th Meeting of the OPEC Conference****, Vienna, 17 March 2010.*

During the ***156th Conference****, the new OPEC Headquarters at Helferstorferstrasse 17 was inaugurated. Cutting the ribbon is Abdalla Salem El-Badri, OPEC Secretary General, with l–r: Dr Michael Häupl, Mayor and Governor of the City of Vienna; Dr Michael Spindelegger, Austria's Minister of European and International Affairs; and Germánico Pinto, OPEC Conference President and Ecuador's Minister of Non-Renewable Natural Resources.*

On the occasion of its ***50th Anniversary****, OPEC hosted an exhibition from 20–29 September 2010, at Vienna's Kursalon Hübner. The Kursalon is a music hall in Vienna, designed by Johann Garben in the style of the Italian Renaissance and built between 1865 and 1867.*

On the occasion of ***OPEC's 50th Anniversary****, Saudi Arabia hosted an* ***International Energy Symposium and Exhibition****, which took place in Riyadh, 18–20 October 2010. Pictured above are, l–r: Noe van Hulst, Secretary General of the IEF; Abdalla Salem El-Badri, OPEC Secretary General; HRH Prince Abdul Aziz Bin Salman Al Saud, Assistant Minister of Petroleum and Mineral Resources of Saudi Arabia and Chairman of the Kingdom's 50th Anniversary Committee; Nobuo Tanaka, Executive Director of the IEA; and Fauzi Bensarsa, Advisor for International Energy Cooperation to the Director General of DG Energy of the EU.*

*Ministers at the **160th Meeting of the OPEC Conference**, Vienna, 13–14 December 2011, with Panama hats provided by the Ecuadorian delegation.*

*The **165th Meeting of the OPEC Conference**, Vienna, 11 June 2014: Abdalla Salem El-Badri (second r), OPEC Secretary General, during the press conference, with Omar Ali El Shakmak (second l), Libya's Acting Minister of Oil & Gas and President of the Conference; Dr Omar Abdul-Hamid (l), Director, Research Division; and Hasan A Hafidh Hamid, Head, PR and Information Department.*

Media and analysts listen attentively to the opening remarks at the ***166th Meeting of the OPEC Conference****, Vienna, 27 November 2014.*

The press fill the meeting room at the ***167th Meeting of the OPEC Conference****, Vienna, 5 June 2015.*

Chapter 7: Broader Cooperation

2016-19

The year 2016 would be one of major political earthquakes that would reverberate around the world. On 23 June, the UK voted to leave the EU in a referendum, starting a protracted and often troubled process that would eventually lead to the UK officially withdrawing from the EU at 11 pm (GMT) on 31 January 2020. Then on 8 November, Donald Trump defeated Hilary Clinton in the US presidential election to become the 45th President of the US.

An earthquake was also being felt in the oil industry too, which continued to bleed from the fallout of 2014 and 2015. This was clearly evident across various industry metrics.

There had been a sharp global inventory build between mid-2014 and the start of 2016 as supply significantly outpaced demand. By July 2016, the OECD commercial stock overhang had reached a then record high of about 403 million barrels (mb) over the five-year industry average. The ORB price fell by an extraordinary 80 per cent between June 2014 and January 2016 to below $23/b.

Between 2014 and 2016, nearly one trillion dollars in investments were either frozen or discontinued. Investments were choked-off, with global exploration and production spending falling by an enormous 27 per cent in both 2015 and 2016.

A record number of companies in the industry filed for bankruptcy, with around 200 companies declaring bankruptcy in the US alone as a result of the bust, with huge negative multiplier effects on the economy. According to the consulting firm Graves & Co, almost half a million jobs were lost in the global oil and gas industry.[1]

David Keisman, Senior Vice President at the credit rating agency Moody's wrote in September 2016: "When all the data is in, including 2016 bankruptcies, it may very well turn out that this oil and gas industry crisis has created a segment-wide bust of historic proportions."[2]

Every producer was feeling the consequences. In the US, the rig count fell from 1,920 rigs in late-2014 to a low of 480 in early-2016. By mid-2016, US oil production had declined by a huge 1 mb/d from mid-2015. With shale companies looking to reduce expenditure, fracking equipment was idled and, as IHS Markit research has shown, close to 60 per cent of the fracking equipment in the US was inactive during 2016.[3]

OPEC Member Countries were not insulated. Revenues fell significantly and national and corporate budgets had to be readjusted. Foregone oil revenues were in the region of $1 trillion.

To put it simply, the oil industry could not continue along this path. The chilling effects of the price crash were being felt throughout the oil industry and beyond. Stability on a sustainable basis had been absent from the industry for too long, to the detriment of producers, consumers, and the global economy.

Something had to be done to tackle the major stresses that were suffocating the industry, and impacting current and future oil supplies. It would require leadership, flexibility and diplomacy in bringing people together. These would all be on display in 2016.

At the start of the year, however, there was widespread pessimism and skepticism about what talks could yield. Despite this, OPEC embarked on extensive consultations among OPEC Member Countries and between OPEC and non-OPEC producing nations, which gathered pace in the second half of the year.

In January, Saudi Arabia's Minister of Petroleum and Mineral Resources, Al-Naimi, speaking at the IEF Secretariat in Riyadh, noted that the global oil market had been undergoing a period of instability for more than 12 months. Nevertheless, he remained optimistic, and added: "As you know, the oil market has witnessed over its long history periods of instability, severe price fluctuations, and petro-economic cycles. This is one of them. Market forces, as well as the cooperation among the producing nations, always lead to the restoration of stability. This, however, takes some time."[4]

Al-Naimi's talk of cooperative efforts would quickly be rewarded, albeit in a short-lived manner. In Doha, on 16 February, Saudi Arabia, the Russian Federation, Qatar and Venezuela agreed to voluntarily maintain January production levels, as long as other major oil producers followed suit. It was a tentative first step to help stabilize the market and Al-Naimi remained optimistic about the industry's future when speaking at CERAWeek 2016 at the end of February.

"I have witnessed gluts and scarcity. I have seen multiple booms and busts. I have even survived peak oil. I think I have a t-shirt somewhere with that on it!" Al-Naimi explained that these experiences had taught him that the oil business, and the commodity itself, like all commodities, were inevitably cyclical.[5]

With Qatar holding the rotating OPEC Conference Presidency in 2016, it decided to hold a broader ministerial level meeting on 17 April to try and bring on board OPEC producers, and more non-OPEC producers to the output freeze from the 16 February meeting. Representatives from over 18 oil producing countries were in attendance, however, this was not officially an OPEC event, as not all Member Countries were present and many non-OPEC countries were.

The meeting itself followed technical consultations held on the previous day. Talks at the ministerial level lasted over nine hours but, unfortunately, consensus could not be reached. Qatar's Dr Al-Sada, Conference President, told reporters that "we all need time for further consultation," and that "participating countries would consult among themselves and with others" in the period before the next OPEC Conference meeting in June.[6]

Despite the disappointing outcome of these discussions, the realization that the solution to the oil market's challenges would require concerted action by both OPEC and non-OPEC producing countries continued to gain acceptance. On 21 April 2016, at the 17th International Oil Summit in Paris, France, Secretary General, El-Badri, stated: "It is essential both OPEC and non-OPEC producers, as well as consumers, look to address the issue of the stock overhang."[7]

Intense negotiations lead to Algiers

The month before the 169th Meeting of the Conference, which took place on 2 June 2016, Khalid A. Al-Falih was appointed Saudi Arabia's new Energy Minister, succeeding Al-Naimi, who had served as Minister for over two decades. At the June meeting, deliberations on possible ways forward continued, but the two main decisions taken were the Conference approving Gabon rejoining the Organization following a 21-year absence. It had withdrawn its membership in 1995, but made a welcome return in 2016. And secondly, the Conference agreed to appoint Mohammad Sanusi Barkindo as OPEC Secretary General from 1 August.[8]

From August 2016, as the situation in the market worsened, the momentum for negotiations intensified with the Secretary General and Ministers involved in widespread diplomatic efforts. These would eventually lead to the historic 170th (Extraordinary) Meeting of the OPEC Conference, held at the International Convention Centre in Algiers, Algeria, on 28 September 2016. The formal talks lasted well over five hours and came at the end of three-days of informal talks on the sidelines of the 15th IEF Ministerial Meeting.

Barkindo would recall the build-up to negotiations in his address to Ambassadors from OPEC and non-OPEC nations, in Abuja, Nigeria, in February 2017: "OPEC embark[ed] on the most extensive consultations among OPEC Member Countries and between OPEC and non-OPEC producing nations.

"At the same time, we also undertook deliberations with the broader international community and other multilateral organizations to further build consensus about the strategic urgency of restoring sustainable oil market stability in a collective manner. From Doha to Algiers, from Caracas to Tehran, from Baghdad to Riyadh, from Moscow to Istanbul. I felt I was flying more than an airline pilot …

"The outcome of the 170th (Extraordinary) Meeting of the OPEC Conference initiated a process of consultations between OPEC and non-OPEC oil producing countries, to establish a platform from where OPEC and non-OPEC producers could take proactive measures that would ensure a balanced oil market on a sustainable basis. The challenge then was ensuring the Conference decisions were delivered in a full and timely manner."[9]

According to the press release that was issued following the 170th (Extraordinary) Meeting of the Conference: "The Conference opted for an OPEC-14 production target ranging between 32.5 and 33.0 mb/d, in order to accelerate the ongoing drawdown of the stock overhang and bring the rebalancing forward.

"The Conference decided to establish a High-Level Committee comprising representatives of Member Countries, supported by the OPEC Secretariat, to study and recommend the implementation of the production levels of the Member Countries. Furthermore, the Committee shall develop a framework of high-level consultations between OPEC and non-OPEC oil producing countries, including identifying risks and taking pro-active measures that would ensure a balanced oil market on a sustainable basis, to be considered at the November OPEC Conference."[10]

In speaking after the decision, Dr Al-Sada, Conference President, explained the reason for the range: "We did not at this stage opt to firm up a particular production figure, but gave the team the flexibility to make the right decision."[11]

In September 2018, at a meeting of the Joint Ministerial Monitoring Committee (JMMC) held to mark the two-year anniversary of the Algiers meeting, Barkindo underscored the vital importance of this first step: "Being back here in this magnificent city brings back so many memories of our extensive efforts in 2016 to restore stability in the global oil market that had rapidly sunk into a deep decline. Indeed, the industry had not seen such a downward spiral in decades. Thanks to these courageous efforts and an unprecedented cooperation that transcended borders, [this was] the turning point towards a new era of cooperation in the international oil industry."[12]

Markets were immediately buoyed by the decision taken in Algiers and negotiations and outreach then extended to non-OPEC. It represented the fulfilment of a strategy that had been a central belief of OPEC's for decades: no one producer or a limited number should shoulder the burden alone of acting responsibly in the interests of market stability. It requires all producers.

Outreach to non-OPEC

A few weeks after Algiers, a meeting took place that provided an indication that things were changing in the oil market; the first hints were emerging that a new dawn was evolving in OPEC's history. Five Members of OPEC and two non-OPEC countries held "constructive" informal consultations on the sidelines of the 23rd World Energy Congress (WEC) in Istanbul, Turkey, on 14 October 2016. This meeting was attended by Secretary General, Barkindo, and Conference President, Dr Al-Sada, along with Algerian Minister of Energy, Noureddine Boutarfa; Gabon's Minister of Petroleum and Hydrocarbons, Etienne Dieudonné Ngoubou; UAE Minister of Energy, Suhail Mohamed Al Mazrouei; and Venezuelan People's Minister of Petroleum, Eng Eulogio Del Pino; in addition to the Russian Federation's Minister of Energy, Alexander Novak, and Dr Aldo Flores-Quiroga, Mexico's Deputy Minister of Hydrocarbons.[13]

Dr Al-Sada informed journalists that a High-Level Committee, created under the Algiers decision to study the finer details of the agreement, was scheduled to hold a technical experts' meeting on 28–29 October in

Vienna. He explained that the first day of this meeting would be dedicated to discussions among the OPEC Member Countries, while the second day would be set aside for deliberations between OPEC and non-OPEC representatives. Novak also disclosed that the forthcoming High-Level Committee Meeting, in which he stated that the Russian Federation would participate, would advance the implementation of the 'Algiers Accord' that was welcomed by non-OPEC countries.[14]

This served as the auspicious background for the fifth High-level Meeting of the OPEC-Russia Energy Dialogue, which was held at the OPEC Secretariat on 24 October *(see Chapter 10).* A week later, the first Meeting of the High-level Committee of the 'Algiers Accord' — OPEC and non-OPEC oil producing countries took place on 28 October. In addition to OPEC Member Countries, six non-OPEC countries attended the joint meeting. They were Azerbaijan, Brazil, Kazakhstan, Mexico, Oman and the Russian Federation.[15]

According to the press release issued after the meeting, the Committee "engaged in intensive and fruitful deliberations on how best to return much-needed stability to the market. The participants shared their readiness to enhance the rebalancing process, including through joint coordinated actions implemented on a sustainable basis, in order to accelerate the ongoing drawdown of the stock overhang and bring the rebalancing forward."[16]

In the months after the 'Algiers Accord', Barkindo continued his shuttle diplomacy, travelling to different countries as he sought to consolidate the decision, including Kuwait, Iraq, Venezuela, Ecuador and IR Iran. It was a hectic schedule, with many ministers also heavily involved, and the fruits of these labours paid off at the 171st Meeting of the Conference on 30 November 2016.

The press release issued after the meeting noted: “The Conference stressed that OECD and non-OECD inventories still stand well above the five-year average. The Conference said it was vital that stock levels were drawn down to normal levels. The Conference also noted the drop off in investment levels in both 2015 and 2016, as well as the huge layoffs the industry has witnessed in recent years.”[17]

Significantly, “the Conference decided to implement a new OPEC-14 production target of 32.5 mb/d in order to accelerate the ongoing drawdown of the stock overhang and bring the oil market rebalancing forward. The Agreement will be effective from 1 January 2017.

“The Conference also decided to establish a High-level Monitoring Committee, consisting of ministers, and assisted by the OPEC Secretariat, to monitor the implementation of the Agreement. Member Countries, in agreeing to this decision, confirmed their commitment to a stable and balanced oil market.”[18]

The Declaration of Cooperation

With this decision, it was now the time to bring a group of non-OPEC producers on-board. The date 10 December 2016 has become almost as significant in OPEC’s history as its founding on 14 September 1960. It was on this date that the historic Declaration of Cooperation (DoC) was signed at the first OPEC and non-OPEC Ministerial Meeting.

With a plethora of media waiting in a host of Vienna’s hotels for the arrival of ministers, and this time from beyond just OPEC Member Countries, there was a sense of anticipation among the press that the day could be a seminal one for the Organization. It was also clear that the global oil industry was hanging on the words of the ministers attending, and hoping for a decision that would prove beneficial to all stakeholders.

Qatar's Dr Al-Sada and the Russian Federation's Novak jointly chaired the meeting. Given the number of attendees, the negotiations took place in OPEC's main conference room, rather than the adjoining boardroom, which is usually the location for closed session talks. The conviviality of ministers at the end of the meeting was a clear sign that the meeting had been a success, but the final press *communiqué* underscored the historic nature of what had been achieved.

The joint statement noted that OPEC Member Countries met on 30 November 2016 and decided to implement a production adjustment of 1.2 mb/d, effective from 1 January 2017.[19]

It then continued that Azerbaijan, the Kingdom of Bahrain, Brunei Darussalam, Equatorial Guinea, Kazakhstan, Malaysia, Mexico, Oman, the Russian Federation, the Republic of Sudan, and the Republic of South Sudan, a group that would become known as 'non-OPEC Participating Countries in the DoC', expressed their desire to contribute to oil market stability. As the Declaration put it: "In this regard, the aforementioned countries proposed to adjust their oil production, voluntarily or through managed decline, starting from 1 January 2017 for six months, extendable for another six months, to take into account prevailing market conditions and prospects."[20]

The ten countries then "committed to adjust their respective oil production, voluntarily or through managed decline, in accordance with an accelerated schedule … to 558,000 b/d for the aforementioned producers."[21] This took the total level of adjustment under the DoC to around 1.8 mb/d.

To monitor the decision, in the interest of equity and transparency, the meeting also "decided that two participating non-OPEC countries, the Sultanate of Oman and the Russian Federation, alongside three OPEC Members, Algeria, Kuwait and Venezuela, shall comprise a JMMC. The JMMC shall be chaired by Kuwait with the Russian Federation as alternate chair and assisted by the OPEC Secretariat. Saudi Arabia, holder of the OPEC Conference Presidency in 2017, would also attend the JMMC meetings."[22]

This voluntary commitment was an immense accomplishment, with many moving parts having to be brought together to get 24 oil producers to work side-by-side to help rebalance and stabilize the oil market. However, the Organization and the non-OPEC producers in the DoC could not stand back and admire their handiwork. The market remained in a precarious position and the resolve of all Participating Countries to fulfil their commitments needed to be disseminated across the energy industry.

Only two days later, on 12 December, Barkindo was in Washington to embark on a week-long tour of the US to help spread the DoC message and its importance to the global oil industry. The tour encompassed meetings with the IMF, the US Energy Information Administration (EIA), the Center for Strategic and International Studies, the United States Commodity Futures Trading Commission, Columbia University and IHS Markit.[23]

The JMMC

Having good intentions is one thing; operationalizing them is another. Those behind the voluntary production adjustments agreed at the 171st Meeting of the OPEC Conference and first OPEC non-OPEC Ministerial Meeting understood the necessity of developing a mechanism to monitor the implementation of and conformity with the adjustments. To achieve this, they devised an innovative concept, one which has evolved into a 'crown jewel' of OPEC's cooperation with non-OPEC in its own right: the JMMC.

Beyond monitoring the adjustments, the JMMC was also tasked, alongside its support body, the Joint Technical Committee (JTC), and with assistance from the OPEC Secretariat, to be a platform for knowledge exchange. Its work has facilitated joint analyses and outlooks that provide valuable input into the evaluation of the market rebalancing and conformity process to the voluntary production adjustments. Moreover, throughout its existence, the JMMC has succeeded in strengthening and deepening ties between Participating Countries. As Barkindo stated at the 5th JMMC on 22 September 2017, "the JMMC and the JTC are key pillars of the implementation of the historic DoC and have become the umbilical cord connecting the 24 Participating Countries."[24]

The inaugural JMMC took place at the OPEC Secretariat on 22 January 2017. It laid out many of the modalities for the functioning of the JMMC over the subsequent years, including presenting a monthly production report on all Participating Countries; forming the JTC to cooperate with the OPEC Secretariat in preparing the monthly report for the JMMC; and communicating internally among members on the content of the report and externally on the progress of the DoC.[25]

The JMMC and the JTC have evolved into critical components of the work of OPEC and provided an institutional framework for the DoC. Its meetings have garnered huge interest from media and analysts, and many of the Participating Countries have hosted JMMC meetings. In this regard, Barkindo stated at the 8th JMMC Meeting, held in Jeddah, Saudi Arabia, on 18 April 2018: "Rotating the location in this manner means that aside from conducting our regular business; the enduring bonds of friendship between all of our great Participating Countries, OPEC and non-OPEC alike, are further strengthened."[26]

2017 and 2018: oil market and global economic recovery

The 24 months following the signing of the DoC were characterized by disciplined implementation of the voluntary production adjustments; regular monitoring of oil market conditions; and a gradual, albeit bumpy at times, stabilization in the oil market.

Conformity with the voluntary production adjustments was high; the average monthly conformity by Participating Countries in the DoC was 126 per cent between January 2017 and December 2019. Several Participating Countries led the way, with Saudi Arabia often far exceeding its 100 per cent conformity level.

This high-level of conformity was noted by Barkindo at the annual Oil & Money conference on 19 October 2017, who also recalled that there had been some sceptics when the decision was reached and the DoC established in December 2016, with talks of "OPEC's often weak conformity to past production adjustments, and the lack of past support from non-OPEC nations."[27]

He added that, "I have gauged the industry's temperature. There is no doubt that we are starting to feel a warmer glow," with the rebalancing accelerating and stability returning.[28]

The DoC evidently had a positive impact on the market and provided a common platform for all producers to work jointly in restoring stability to the markets. It also caused a significant change in industry-wide and public perceptions of OPEC. Indeed, the period saw a renewed interest in Membership of the Organization. Equatorial Guinea became a full OPEC Member in May 2017 and Congo followed its African counterpart in June 2018.

The Organization was ably demonstrating its credentials as a body committed to international cooperation, working with other producers, honouring its commitments and promoting mutual respect among all nations. Bringing together 24 sovereign producing nations was unparalleled in the history of the oil industry. The enhanced relations between Participating Countries evolved into a fundamental and essential feature of the 'new world of energy.'

The DoC's transparency, accessibility and continuity — it is open to all producers — was a key part of its success. It also received backing from other producers, as well as from consumers. This was clear in a tweet from Dharmendra Pradhan, India's Minister of Petroleum and Natural Gas and Minister of Steel, at the WEC in the UAE in September 2019. Pradhan stated: "OPEC is an important energy partner for India. We explored ways to further enhance collaboration between India and OPEC and work together to address the issues of energy poverty and energy security."[29]

From the outset, the DoC had a clear objective of bringing down the stock overhang. This began slowly in 2017, but by the end of the year and into 2018, it was accelerating. In fact, by June 2018, the overhang in OECD commercial oil stocks had slid into deficit (–38 mb). For the industry, the oil market rebalancing process was an enabler in industry investments gradually picking up, many jobs returning and unemployment easing.

It also had positive knock-on impacts elsewhere. The stimulus from the DoC aided the global economy, as well as trade worldwide; and the financial markets, in general, and the financial oil market, in particular, welcomed the forward guidance provided by the DoC.

In remarks delivered in December 2018, in Luanda, Angola, during a visit to the country, Barkindo stated: "Most importantly of all, the multiplier benefits of the DoC have been immensely significant. This was apparent in the conclusions of the IMF in a publication entitled *The Global Economic Recovery 10 years after the 2008 Financial Meltdown:* 'After faltering at time over the past ten years, the global economic recovery experienced a long awaited synchronized growth upswing 2017–18.' This global economic upsurge has occurred at exactly the same time as the DoC has been operational. Oil market balance begets prosperity."[30]

As OPEC has found throughout its history, the oil market is never static. It is constantly evolving and over the course of the first two years of the DoC being operational, another one of its integral characteristics proved extremely beneficial in this regard; namely, the fact that it was as an adaptable toolkit to address market imbalances. Barkindo further outlined this in his Luanda speech: "What would become clearer in time is that one of the greatest inherent strengths of the DoC was its flexibility … Over the last two years, the participants have been able to modify course depending on conditions in the market. When the market appeared skewed to oversupply, we have reacted accordingly, and equally, when consumers expressed concerns regarding demand outpacing supply, the participants in the DoC have taken appropriate action."[31]

For example, the DoC called on countries to adhere to 100 per cent conformity at the 174th Meeting of the OPEC Conference and the 4th OPEC and non-OPEC Ministerial Meeting, on 22 and 23 June 2008, respectively; and at the 175th Meeting of the OPEC Conference and the 5th OPEC and non-OPEC Ministerial Meeting on 6 and 7 December 2018, respectively, where participants decided to adjust production upwards. This flexibility and adaptability would prove a major plus for the DoC group in 2020.

The June 2018 Ministerial Meetings were immensely significant and indicative of the responsiveness of the DoC participants to concerns expressed by consumers about oil market conditions. As the *New York Times* reported on 23 June 2018: "The major producers appear to have consumers' interests in mind more than they have in the past."[32]

This was noted by Saudi Arabia's Al-Falih at the 7th OPEC International Seminar from 20–21 June, just prior to the ministerial meetings. He said: "What strikes me most is the great alignment, the very strong alignment, between the interests of producers and consumers. And many people underestimate just how much alignment there is, between the two."[33]

By the time of the December 2018 Ministerial Meetings, oil market conditions had evolved to a degree that Participating Countries needed to modify their course of action. As the press release to the 175th Meeting of the OPEC Conference said: "In view of the current fundamentals and the consensus view of a growing imbalance in 2019, the Conference decided to adjust OPEC overall production by 800,000 b/d from October 2018 levels, effective as of January 2019, for an initial period of six months."[34] The following day, non-OPEC participants agreed to a voluntary adjustment of 400,000 b/d, for a combined 1.2 mb/d.

Communicating the link between oil market stability and global economic growth is a critical function of OPEC, but it is a task obfuscated by the inherent complexity of the topic. The DoC was receiving attention from a wide array of statesmen and dignitaries, even catching the attention of the White House. Following the 8th Meeting of the JMMC in Jeddah, Saudi Arabia, on 20 April 2018, President Trump tweeted: "Looks like OPEC is at it again. With record amounts of Oil all over the place, including the fully loaded ships at sea, Oil prices are artificially Very High! No good and will not be accepted!"[35]

This was the first time Donald Trump had tweeted about OPEC in his capacity as US President.[36] However, the President's position on OPEC would evolve and, in time, develop in unexpected ways. Almost exactly two years after the first presidential tweet, on 12 April 2020, he tweeted: "The big Oil Deal with OPEC Plus is done. This will save hundreds of thousands of energy jobs in the United States. I would like to thank and congratulate President Putin of the Russian Federation and HM King Salman bin Abdul Aziz Al Saud of Saudi Arabia. I just spoke to them from the Oval Office. Great deal for all!"[37] How this came about will be explored in more detail in *Chapter 8.*

As the year 2019 began, one word more than any other seemed to dominate the column inches of the newspapers when they described what they felt the New Year had in store at a macro level: uncertainty. There was uncertainty regarding the fate of US-Chinese trade negotiations and their subsequent repercussions for the health of the global economy; geopolitical tensions increased in prominence and the progress in Brexit-related negotiations was unclear.

Against this backdrop, the DoC Participating Countries continued their market rebalancing and stabilization efforts with the 13th and 14th JMMCs in Baku, Azerbaijan, and Jeddah, Saudi Arabia, respectfully, stressing the continued focus on market fundamentals and urging all Participating Countries to achieve full and timely conformity with their voluntary production adjustments.

It was also a period where much talk focused on the need to further enhance the cooperation between DoC participants, particularly looking longer term. The culmination of these efforts came to fruition at the 176th Meeting of the OPEC Conference and the 6th OPEC and non-OPEC Ministerial Meeting on 1 and 2 July 2019, respectively.

Charter of Cooperation

From an OPEC history point of view, 2019 would see an event that would change the trajectory of the Organization's history. From the moment the DoC was signed on 10 December 2016, Participating Countries had often called for the further institutionalization of their cooperative endeavours. After almost three years of negotiations, this came to pass.

On 2 July 2019, at the 6th OPEC and non-OPEC Ministerial Meeting, the Charter of Cooperation (CoC) was signed, ushering in a new era for cooperation between Participating Countries of the DoC.

The CoC was agreed as a high-level commitment to facilitate dialogue among Participating Countries, aimed at promoting oil market stability, cooperation in technology and other areas, for the benefit of oil producers, consumers, investors and the global economy. It is a means of enabling the long-term use of oil as a key component in the evolving global energy mix, as well as improving the environmental credentials of oil. The CoC looks to promote strategies and technologies to advance the global oil industry.

The CoC promotes the principles of transparency, equity and fairness and has, at its core, the concept of multi-stakeholderism. This concept reflects OPEC's desire to promote and participate in wide and broad dialogue with all stakeholders in the energy industry, including producers, consumers, investors, analysts and others.

The CoC was not initiated to supersede the DoC; in fact, it is devoted to a different objective. The two instruments were designed to co-exist and complement each other, because their strategic objectives and functions are needed by the energy sector. The voluntary production adjustments that did so much to revive the prospects of the oil industry are the integral part of the DoC, whereas the CoC has a long-term focus, and is intended to provide Participating Countries with a dialogue platform on common ground where strategies and policies can be discussed and analyzed without the constraints related to the immediate needs of the oil industry.

The appetite for further cooperation had been repeatedly expressed over the course of the initial years of the DoC. The CoC represents a 'coming together' of several strands of cooperation. As early as December 2017, Barkindo had said at an event in China: "Currently, we are gradually but steadily putting the building blocks in place for institutionalizing the DoC, beyond rebalancing the market … A series of OPEC and non-OPEC technical meetings have been successfully organized under the umbrella of the DoC. These have achieved a commendable level of knowledge-exchange much coveted by our industry. We have ceased to operate in silos and realized that we are all on the same boat."[38]

This gathered pace in 2018 and was ably emphasized by Suhail Mohamed Al Mazrouei, the UAE's Minister of Energy and Industry and President of the OPEC Conference, at the 5th OPEC and non-OPEC Ministerial

Meeting, in December 2018. He said: "Our cooperation has come a long way, and we believe it remains vital in 2019, as well as in the years that follow. This underscores that we should not lose sight of the significance of further strengthening our cooperation into a broader framework to ensure continuity. We need to build on the success that has already been achieved. This is in all our interests."[39]

The CoC is a significant document in the Organization's history and demonstrates that the cooperation with non-OPEC producing countries has evolved from a noble vision to a transformative force — one that has had a profoundly positive impact on the global oil industry. To mark the signing of the Charter, a poem was composed honouring the occasion.

A bumpy end to 2019

In September, uncertainties related to geopolitics once again came to the fore. On 14 September 2019, Saudi Aramco's plants in Abqaiq and Khurais, including the world's largest oil processing facility, were attacked. In absolute terms, these unprecedented attacks shut down around 6 mb/d of liquids, more than five per cent of global output. It was the largest supply disruption in the last five decades, following other major disturbances in 1979 (5.6 mb/d), 1991 (4.3 mb/d), and 2003 (2.6 mb/d).

The attacks happened on a Saturday, with markets closed, but when they opened on Monday, 16 September, the reaction was immediate, with panic and volatility the order of the day. The price of Brent surged more than $12/b, and trading volumes across exchanges in New York and London on the day broke records with the equivalent of five billion barrels changing hands. Moreover, turmoil spread beyond the crude market, with diesel transactions also hitting an all-time high.

Saudi Arabia acted swiftly in a transparent, coordinated and professional manner, and without the issuance of *force majeure,* to provide the necessary reassurances that the market would not be short of supply. In a calm and measured manner, HRH Prince Abdul Aziz Bin Salman Al Saud, now Minister of Energy; Saudi Aramco's CEO, Amin Nasser; and Chairman, Yasir Othman Al-Rumayyan, affirmed that Saudi Arabia would restore its lost oil production by the end of September; would ensure full oil supply commitments to its customers that month; and would see average oil production in September and October at 9.89 mb/d.

The speed of the recovery was fast, surprising some observers. It was testimony to the courageous skill, dedication and resilience of Saudi Aramco and the Ministry of Energy. Oil production of around 10 mb/d was restored within ten days.

As the year 2019 concluded, the DoC participants once more demonstrated their commitment to oil market stability. The 177th Meeting of the Conference and 7th OPEC and non-OPEC Ministerial Meeting, which met on 5 and 6 December 2019, respectively, decided for an additional adjustment of 500,000 b/d to the levels agreed at the 175th Meeting of the OPEC Conference and 5th OPEC and non-OPEC Ministerial Meeting. This led to total adjustments of 1.7 mb/d. In addition, several Participating Countries, mainly Saudi Arabia, continued their additional voluntary contributions, leading to adjustments of more than 2.1 mb. The additional adjustments were effective as of 1 January 2020 and were subject to full conformity by every country participating in the DoC.

While challenges related to US-China trade relations and the implementation of the new International Maritime Organization (IMO) fuel specifications on 1 January 2020 remained concerns for market participants, the year ended with a general feeling of optimism for OPEC. The cooperation with non-OPEC producing countries had moved from strength-to-strength, with a solid framework being provided by the CoC; the energy dialogues were proceeding with aplomb; and there were hopes for a better 2020 than 2019.

However, as previous chapters have shown, there is no accounting for unexpected events in the oil market and 2020 was about to be dominated by a completely unforeseen force, one that would require renewed effort and commitment from the DoC Participating Countries.

*The **169th Meeting of the OPEC Conference**, 2 June 2016, agreed to appoint Mohammad Sanusi Barkindo as OPEC Secretary General from 1 August 2016.*

Secretary General, Barkindo, meets with the President of the Russian Federation, Vladimir Putin.

OPEC Ministers reached a landmark agreement at the ***170th (Extraordinary) Meeting of the OPEC Conference****, Algiers, Algeria, 28 September 2016, following concerns about crude oversupply and high oil inventories and the need to speed up the market's rebalancing.*

The ***23rd World Energy Congress (WEC)****, Istanbul, Turkey, 14 October 2016, saw talks between various OPEC and non-OPEC officials, continuing diplomatic efforts started in relation to the 'Algiers Accord'. Dr Mohammed Bin Saleh Al-Sada (c), OPEC Conference President and Minister of Energy and Industry of Qatar; Alexander Novak (second l), the Russian Federation's Energy Minister; Noureddine Boutarfa (second r), Algeria's Minister of Energy; and Mohammad Sanusi Barkindo (r), OPEC Secretary General.*

The ***First Meeting of the High-level Committee of the Algiers Accord — OPEC Member Countries***, *Vienna, Austria, 28 October 2016.*

*The **171st Meeting of the OPEC Conference**, Vienna, 30 November 2016, saw OPEC Member Countries agree to a decision that would lead to the DoC on 10 December 2016.*

*The **1st OPEC and non-OPEC Ministerial Meeting**, 10 December 2016, Vienna: Dr Mohammed Bin Saleh Al-Sada (second r), President of the OPEC Conference and Minister of Energy & Industry, Qatar; Alexander Novak (second l), Minister of Energy of the Russian Federation; Mohammad Sanusi Barkindo (r), OPEC Secretary General; and Eng Mohamed Hamel (l), Algeria's Governor for OPEC, and Chairman of the OPEC Board of Governors. The historic meeting saw OPEC and non-OPEC nations implement volunatry production adjustments to help rebalance the market and return a sustainable stability, in the interest of both producers and consumers.*

OPEC and non-OPEC Ministers during the signing of the **DoC** on 10 December 2016.

The inaugural meeting of the ***JMMC*** *took place on 22 January 2017 in Vienna.*

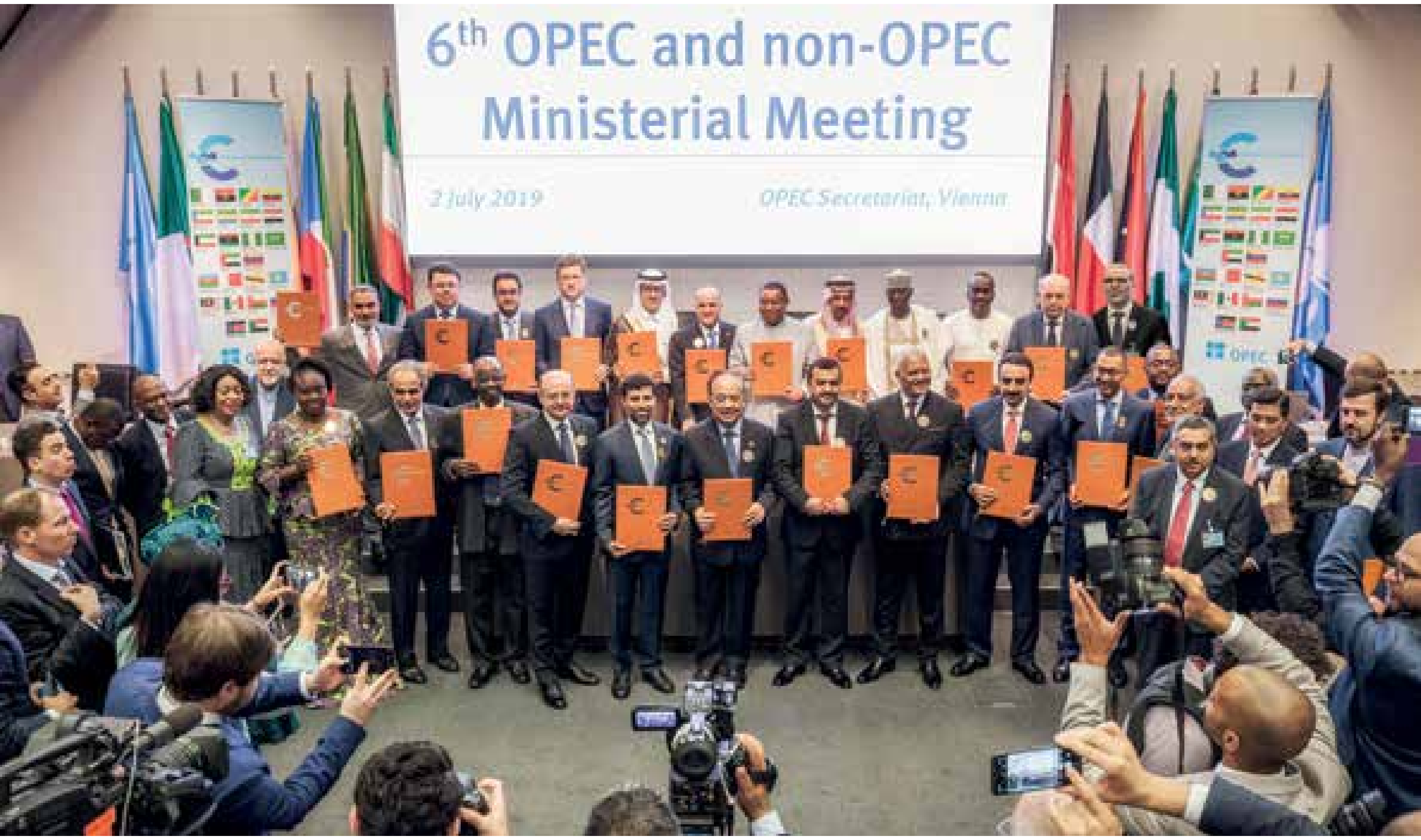
*The **2nd JMMC**, Kuwait City, Kuwait, 26 March 2017.*

*The **4th Meeting of the JMMC**, St Petersburg, the Russian Federation, 24 July 2017.*

Joint press conference of the ***173rd Meeting of the OPEC Conference*** *and* ***3rd OPEC and non-OPEC Ministerial Meeting****, Vienna, 30 November 2017, l–r: Alexander Novak, Minister of Energy of the Russian Federation; Khalid A. Al-Falih, Saudi Arabia's Minister of Energy, Industry and Mineral Resources, and President of the OPEC Conference; and Mohammad Sanusi Barkindo, OPEC Secretary General.*

The ***5th OPEC and non-OPEC Ministerial Meeting****, Vienna, 7 December 2018.*

The ***175th Meeting of the OPEC Conference****, Vienna, 6–7 December 2018.*



Ministers display their copies of the ***Charter of Cooperation*** *at the* ***6th OPEC and non-OPEC Ministerial Meeting****, Vienna, 2 July 2019.*

The CoC was signed at the ***6th OPEC and non-OPEC Ministerial Meeting*** *in Vienna on 2 July 2019, l–r: Mohammad Sanusi Barkindo, OPEC Secretary General; HRH Prince Abdul Aziz Bin Salman Al Saud, Minister of State for Energy Affairs, Saudi Arabia; Alexander Novak, Minister of Energy of the Russian Federation; Khalid A. Al-Falih, Saudi Arabia's Minister of Energy, Industry and Mineral Resources; Suhail Mohamed Al-Mazrouei, UAE's Minister of Energy and Industry; and Haitham Al-Ghais, Kuwait's Governor for OPEC.*

Chapter 8:
Global Pandemic:
COVID-19

2020

When fireworks and celebrations went off around the world on New Year's Eve 2019, there was a general sense of optimism for the global economy and oil markets as the world entered a new decade. Stock markets closed bullishly, with US shares up by almost 30 per cent on the year, those in Japan by 18 per cent, and in the UK by 12 per cent, despite Brexit uncertainty throughout most of the year.

Looking ahead, there was cautious positivity surrounding the US-China phase 1 trade deal; Boris Johnson and the Conservative party's decisive general election victory on 12 December 2019 had removed any doubts about whether the UK would leave the EU, with the two parties now concentrating on finalizing a broad trade agreement in 2020; and total global oil demand was forecast to exceed 100 mb/d for the first time on an annual basis.

On New Year's Eve in one part of the world, however, there would be an announcement, which at the time was not widely reported and seemed to have little global consequences. The World Health Organization (WHO) China Country Office was "informed of cases of pneumonia of unknown etiology (unknown cause) detected in Wuhan City, Hubei Province of China."[1] No one could have known at the time, but the impact of this would quickly come to turn the world upside down in 2020.

During January, the IMF published its *World Economic Outlook Update,* in which it still saw some headwinds, but at the same time talked of "tentative signs of stabilization."[2] It stated that "global growth is projected to rise from an estimated 2.9 per cent in 2019 to 3.3 per cent in 2020 and 3.4 per cent for 2021."[3]

In the January OPEC *MOMR,* GDP growth prospects were at three per cent in 2020, and oil demand growth was revised slightly up from the December assessment with a forecast of 1.22 mb/d.[4] The IEA had a similar number in its January *Oil Market Report*.[5]

By the end of the month, however, more eyes were turning towards what was happening in China and the spread of coronavirus, or what would become officially known as COVID-19. On 30 January, the WHO declared the outbreak of a global health emergency and on 2 February the first death outside of China, in the Philippines, was reported.

The sense of alarm escalated in early February with a cruise ship, the Diamond Princess, in quarantine due to cases of COVID-19; with global events, such as the Mobile World Congress, the world's largest trade show for the mobile industry, being cancelled;[6] and with fears about its impact on regional and global economies manifesting itself into concerns about global oil and energy demand in 2020.

In the February MOMR, published on 12 February, oil demand growth in 2020 was revised down by 230,000 b/d from the January outlook to just below 1 mb/d, with the COVID-19 outbreak in China cited as the major factor behind the downward revision.[7] As the month progressed, there were calls from some OPEC ministers to bring forward the designated early March meetings for OPEC and the broader DoC (OPEC+) to February, but a consensus could not be found.

Alarm bells ringing

By the end of the month, COVID-19 was rapidly moving to new countries and continents, with the WHO raising the global risk of the spread of

COVID-19 from 'high' to 'very high' on 28 February. The toll was having a tragic impact in terms of the cost of human life, and it was increasingly being viewed as unpredictable, dangerous and disruptive to economic growth prospects and the global oil industry.

The consequences of these developments were evident when the attention of the oil industry turned to Vienna on 5 and 6 March for the 178th (Extraordinary) Meeting of the Conference and the 8th OPEC and non-OPEC Ministerial Meeting, respectively.

Firstly, in terms of the health measures put in place, including limiting the number of delegates, enabling media coverage of the meetings from outside of the Secretariat, and taking a series of other steps to prevent and mitigate the impact of COVID-19, such as requiring participants to have their temperatures taken on entering the Secretariat. And secondly, in the talks and deliberations that aimed to help combat the impact of COVID-19 on the oil industry.

OPEC Conference President, Mohamed Arkab, Algeria's Minister of Energy referenced the challenges in his opening remarks. "We now convene at a time when the outbreak of COVID-19 has had a pronounced adverse impact on economic and oil demand forecasts in 2020, particularly in the first and second quarters."[8] In fact, 2020 global oil demand growth was now forecast to be below 500,000 b/d, and given the ever-shifting market dynamics, risks were skewed to the downside.

Unanimity was reached among OPEC Member Countries at the 178th (Extraordinary) Meeting of the Conference on 5 March, and in a meeting later on the same day, for further production adjustments to help counter the impacts of COVID-19 and rebalance oil market supply and demand fundamentals. However, the 8th OPEC and non-OPEC Ministerial Meeting on 6 March was inconclusive with DoC Participating Countries unable to reach a final decision.

Following the meeting, Barkindo told journalists assembled outside the OPEC Secretariat that the ministers had taken a close look at market conditions and the extensive information supplied by the JMMC. "There is no doubt that in the last four weeks all the indices have deteriorated, be it in the economy, stocks, equities, financial instruments, metals, commodities and of course oil," he said. He went on to say that although the OPEC and non-OPEC Ministerial Meeting adjourned without a decision on additional production adjustments, "the consultations are continuing."

The COVID-19 crisis was evolving on an almost daily basis, and the full picture of what was to come was evidently not clear to ministers. To put it simply: it was not clear to anyone.

On 9 March, the Italian government initiated a lockdown, and over the rest of the month, many other governments followed suit and put their countries into what can best be described as an economic deep freeze. COVID-19 was officially designated a pandemic on 11 March by the WHO.[9] It proliferated quickly across the world, with further major 2020 international events called off; on 24 March, it was announced that the Olympic Games planned for summer 2020 in Tokyo had been delayed until 2021, and on 1 April it was announced that the COP26 UN climate change conference set to take place in Glasgow in November had been postponed.

Its impact on daily lives caught almost everyone by surprise, with social distancing measures, home schooling and home working, some businesses and industries shuttered in and air travel at a near standstill. The global economy was becoming increasingly paralyzed, and expectations for oil demand, particularly in the second quarter, were dropping by the day. Three months on from New Year's Eve 2019, a localized health problem had turned into a global health and economic nightmare.

For the oil market, the period from the 8th OPEC and non-OPEC Ministerial Meeting in early March to the 9th and 10th (Extraordinary) OPEC and non-OPEC Ministerial Meetings held between 9–12 April was one of the most tumultuous and chaotic in the industry's long history.

During this time, market supply and demand fundamentals were continually up-ended. Demand for jet fuel, gasoline and diesel fell sharply; logistical capacity constraints were looming; some production was shut-in; refineries cut their throughputs and reduced their crude purchases; companies were filing for bankruptcy; and there was the growing threat of major job losses.

Deep-seated concerns were being expressed openly and it was evident that both producers and consumers shared fears about the impacts of the COVID-19 pandemic on the stability of economies and markets.

On 16 March, Secretary General, Barkindo, and the Executive Director of the IEA, Dr Birol, issued a joint statement, following a phone call, which assessed the impact of the virus and the recent broad-based financial and oil market volatility on the global economy.

The statement said: "They agreed that these create material impacts, particularly for citizens of developing countries including those that rely heavily on income from oil and gas production for essential services and that are especially vulnerable to market volatility."

They also underscored the importance of market stability, "as the impacts of extreme volatility are felt by producers, particularly in terms of much needed income, and by both producers and consumers, who are affected by an unstable and unpredictable market."[10]

The distress was being felt by every producer, with US independents in the tight oil patch also vocal about the impact on their business. This was highlighted in a call between Barkindo and Ryan Sitton, a Commissioner of the Texas RRC, on 20 March, with Barkindo saying they discussed "perspectives on current developments, and the possibility of future cooperation" and Sitton stating in a tweet: "Great conversation on global supply and demand," while also highlighting the importance of ensuring economic stability as we recover from COVID-19.[11] Sitton would talk to a number of OPEC+ ministers in the DoC.

Barkindo would also open up a communication channel with Alberta's Energy Minister, Sonya Savage, with the Canadian state hit hard by the oil demand destruction. By early April, the state was already facing barrels being pulled off the system due to market forces.

The US dialogue that had been opened up by the OPEC Secretariat, through the regular talks with independents at the annual CERAWeek conference in Houston, was also playing an important role during this critical period in understanding the impacts that developments were having in the US.

The need for action was further supported on 30 March in a letter from Scott Sheffield, President and CEO of Pioneer Natural Resources and Matt Gallagher, President and CEO of Parsley Energy, to the Texas RRC, stating that "prorationing would be a responsible measure in the public interest" and adding that the "proration of oil production is a well-established tool available to state leaders and regulators in the US."[12]

With significant background talks taking place at the ministerial and Secretary General level in late March, by early April the unprecedented challenges facing the industry were reaching the very top levels of government.

Historic April DoC meetings

On 2 April, President Trump tweeted that he spoke with HRH Crown Prince Mohammed bin Salman Al Saud, Saudi Arabia, who had spoken to the Russian Federation's President, Vladimir Putin, and hoped for an outcome that "will be GREAT for the oil and gas industry!"[13]

This was quickly followed by a release from the Saudi Press Agency saying that "the Kingdom calls for an urgent meeting of OPEC+ and a group of other countries," with the aim of seeking a fair outcome that will restore the desired balance to the oil markets.[14]

On 3 April, a Kremlin statement emphasized that the Russian Federation is ready to cooperate with Saudi Arabia and the US on oil production, with President Putin stating in a videoconference address: "I consider it necessary to pool our efforts to balance the market."[15]

There were green lights flashing everywhere; it was the start of further talks about what DoC partners could do and what other producers could bring to the table to help reduce volatility, stabilize the oil market, and enable recovery and growth in the coming years.

This would eventually entail three 'Extraordinary' meetings, two OPEC and non-OPEC Ministerial Meetings, and one from the G20, chaired by Saudi Arabia in 2020. Given the gravity of the situation, the number of producers involved, and the span of time zones covered, it would comprise extended hours and little sleep for those immersed in the diplomacy and negotiations over a grueling four days covering the extended Easter weekend.

The 9th (Extraordinary) OPEC and non-OPEC Ministerial Meeting began at 4 pm (Central European Time (CET)) on 9 April, and ran into the early hours of 10 April. Alongside the follow up 10th Meeting on 12 April, it would prove to be a landmark in the history of OPEC and the DoC, with a number of firsts.

The first of these was the fact that it was being held via videoconference, with national capitals, ministries and ministers, as well as the Secretary General at the OPEC Secretariat, on a checkerboard screen, rather than gathered round a table.

The Chair of the Meeting, HRH Prince Abdul Aziz Bin Salman Al Saud of Saudi Arabia, and the co-Chair, Alexander Novak of the Russian Federation, both underscored the gravity of the situation, and the need for broader cooperation — with producers outside of the DoC on parts of the call — to attend to the situation in the best possible way.

Barkindo further drilled down on the importance of the meeting in his opening remarks in stating that "there is a grizzly shadow hanging over all of us. We do not want this shadow to envelope us. It will have a crushing and long-term impact on the entire industry."

This was further underscored when he outlined how market dynamics and fundamentals had shifted beyond recognition since the 6 March meeting, before adding further context. "The OPEC Secretariat's assessment of available global oil storage capacity stands at over one billion barrels. Given the current unprecedented supply and demand imbalance there could be a colossal excess volume of 14.7 mb/d in the 2Q20. This oversupply would add a further 1.3 billion barrels to global crude oil stocks, and hence exhaust the available global crude oil storage capacity within the month of May."[16] These numbers were stark, and nobody knew at the time that in the coming weeks the excess volumes would expand even further.

Talks lasted over ten hours. Every minister had their say on their country's situation and position. In the end, an agreement for record production adjustments, over a period of two years, was in place, but one country remained a stand out. Mexico was unwilling to commit to the same percentage of production adjustments that the other 22 countries had agreed.

It meant talks with Mexico were slated to carry over into the G20 Extraordinary Energy Ministers Meeting on April, although, by then, Mexican President, Andrés Manuel López Obrador, had stated that Mexico would adjust production by 100,000 b/d, with the US agreeing to help it out with the other part of its contribution. President Trump later told reporters that he had agreed to "pick up some of the slack."

The Mexican issue would remain unresolved leading into the 10th (Extraordinary) OPEC and non-OPEC Ministerial Meeting on 12 April.

The G20 meeting (including the UAE, Norway, OPEC, the IEA and the IEF) saw no specific commitments from producers outside of the DoC, but it did underscore that both producers and consumers recognized the enormity and seriousness of the situation. In its statement at the end the meeting, the G20 energy ministers referenced "the spirit of solidarity on immediate, concrete actions to address these issues in a time of unprecedented international emergency." It also added: "We recognize the commitment of some producers to stabilize energy markets. We acknowledge the importance of international cooperation in ensuring the resilience of energy systems."[17]

Talks at all levels continued on 11 April, and by the morning of 12 April the stage was set with the announcement of the 10th (Extraordinary) OPEC and non-OPEC Ministerial Meeting for 6 pm (CET). It would prove a lot shorter than its precursor.

In his opening remarks, Barkindo underscored what was at stake. "The consequences of not finding a solution and unanimity today do not bear thinking about." He channeled the spirit of Nelson Mandela, in quoting: *"Difficulties break some but make others. No axe is sharp enough to cut the soul of a sinner who keeps on trying, one armed with the hope that he will rise even in the end."*[18]

Last-minute diplomacy and flexibility, after a ten-day marathon stint of calls between world leaders and videoconferences featuring over 40 energy ministers, eventually led to the final act of the meeting. Everyone agreed again, and it finally came to Mexico's Energy Minister, Rocio Nahle, who addressed Saudi Arabia's Minister of Energy.

"Your Royal Highness, Mexico has already agreed. And now I would like to ask you: do you agree with these terms?" In Riyadh, Prince Abdul Aziz, replied: "I go with the consensus, I agree." It led a burst of applause across the checkerboard screen to usher in the landmark agreement.

The OPEC+ decision was the largest ever production adjustment. The final *communiqué* stated that all Participating Countries on the DoC agreed to: "Adjust downwards their overall crude oil production by 9.7 mb/d, starting on 1 May 2020, for an initial period of two months that concludes on 30 June 2020. For the subsequent period of six months, from 1 July 2020 to 31 December 2020, the total adjustment agreed will be 7.7 mb/d. It will be followed by a 5.8 mb/d adjustment for a period of 16 months, from 1 January 2021 to 30 April 2022."[19]

With the decision valid until 30 April 2022, it also represented the longest ever period for adjustments in the DoC. It was a sign of the commitment, motivation and dedication of everyone involved. It was clear that OPEC+ alone could not offer a full prescription to the massive short-term challenge, as would become clear in the following weeks and months, but the two-year period enabled the group to focus on the medium- and long-term too.

"We have demonstrated that OPEC+ is up and alive," Prince Abdul Aziz told Bloomberg News in an interview soon after the decision was reached. "I'm more than happy with the deal."[20]

Barkindo stated that this is a new historic page in the world of oil. "We are witnessing today the triumph of international cooperation and multilateralism which are the core of OPEC values."[21]

The importance of the decision was also soon communicated at the highest levels of government. The Saudi Press Agency said that HM King Salman bin Abdul Aziz Al Saud, President Putin and President Trump expressed comfort with the outcome of the meeting. President Trump tweeted about the importance of the decision and also thanked and congratulated

"President Putin of the Russian Federation and King Salman of Saudi Arabia. I just spoke to them from the Oval Office. Great deal for all!"[22]

Outside parties also issued statements regarding the historic OPEC+ cooperation. American Petroleum Institute President and CEO, Mike Sommers, said: "We welcome today's announcement of an agreement by other producing nations to follow the lead of the global marketplace — and US producers — to reduce supply to align with lower energy demand as result of the pandemic. This is a significant agreement that will foster increased stability in energy markets to the benefit of both American energy consumers and producers."[23]

From the consumer perspective, Dr Birol tweeted: "I'm encouraged by the solidarity shown by producer and consumer countries working together to try to bring stability to the oil industry, its employees and the world economy."[24]

In speaking to reporters in the days after the landmark OPEC+ decision, Prince Abdul Aziz stated that effective global oil supply adjustments could amount to much higher numbers, when taking into account the OPEC+ decision, pledges by other producers and oil purchases into reserves.

WTI crashes

It would soon become clear that, despite the fact that the production adjustments were a major achievement, the full scale of the global demand drop in the second quarter would require further rebalancing efforts, either voluntary or involuntary, from elsewhere.

Despite the huge scale of the cooperation, the market's reaction was muted and on 20 April another historic happening occurred, with the WTI futures price (May 2020 contract) crashing by more than $50/b. It led to WTI future prices moving into previously unchartered, negative territory. It meant traders were essentially paying other market participants to take oil off their hands.

The prompt contract price for WTI disconnected from prompt contract prices for Brent and petroleum products, on the back of major worries about the availability of storage capacity, particularly at the WTI Cushing hub and the continuing oversupply and huge demand declines. It led to their being too many sellers and very few buyers ahead of the May contract expiration on 21 April.

It was a visceral moment for the market. To put the abrupt nature of this slide into some context — WTI broke below $1/b less than a half hour before the settlement, but in those final 30 minutes it dropped another $38!

The crash sent shockwaves through the US market, and globally too. In the weeks that followed, more US producers announced production shut-ins, and Norway, Western Europe's largest oil producer, also announced that it would pull back Norwegian production by 250,000 b/d in June and by 134,000 b/d in the second half of 2020. "We are currently facing an unprecedented situation in the oil market," Petroleum and Energy Minister, Tina Bru, said in the statement.[25]

Market sentiment improving

April 2020 was one of the most challenging months in the oil industry's history, with some calling it 'Black April', but by mid-May there were some tentative signs that the market was stabilizing. Oil demand had started to bounce back as countries took steps to ease the lockdowns, the DoC production adjustments that began on 1 May and the production shut-ins elsewhere were already positively impacting the supply-demand balance, there was now no talk of inventories reaching tank tops and market sentiment was seeing some glimmers of hope.

This sentiment was further lifted on 11 May, when Saudi Arabia announced an additional 1 mb/d production adjustment for June, with the UAE and Kuwait adding a further adjustment of 180,000 b/d across the month and Oman around 10,000–15,000 b/d. Prince Abdul Aziz, in a telephone interview with Reuters, said about the additional adjustment: "We want to expedite the process of returning back to normal ... demand is picking up. We want to make sure that we are helping to expedite the equilibrium between the supply and demand … We are taking a proactive role and we are encouraging others to do the same."[26]

The scale of the production declines outside of the DoC were highlighted in the May *MOMR*. It noted that outside of the DoC, as of 6 May 2020, around 3.6 mb/d of production cuts had so far been announced in response to the lack of demand, low oil prices, excess supply and limited storage capacity. With this development, it stated that non-OPEC supply in 2020 was now expected to see a deep contraction of 3.5 mb/d.[27]

By the end of May, there were signs that the market had turned a corner, but the numbers still underscored that no-one should be complacent, with oil demand still expected to shrink by over 9 mb/d in 2020.

This was clear in talks among all participants in the DoC in late May and early June, and led to the 179th Meeting of the OPEC Conference and the 11th OPEC and non-OPEC Ministerial Meeting being brought forward a few days to 6 June 2020.

In his opening remarks to the OPEC Conference as President, Arkab noted that "despite the progress achieved to date, we cannot afford to rest on our laurels … The challenges that we face remain daunting. Perseverance in our efforts is a must."[28] This was further underscored by the Chair of the 11th OPEC and non-OPEC Ministerial Meeting, Prince Abdul Aziz, who emphasized that while there are "grounds to be cautiously optimistic about the future, but we are not out of the woods yet … we must remain vigilant."[29]

It was a theme that infused both 6 June meetings, with Barkindo underscoring "that we need to keep our foot on the pedal."[30] It was taken on board by all participants with the meetings conducted in a cordial atmosphere — benefitting from the preparations and talks that had occurred beforehand — and further underlining the renewed cohesive and collective framework of the DoC.

The meetings, in reviewing the current market fundamentals, and the outlook for the remainder of 2020 and into 2021, decided on a proactive and responsible course of action. This included extending the May and June production adjustment decided at the 10th (Extraordinary) OPEC and non-OPEC Meeting into July, all participants recommitting to 100 per cent conformity to the production adjustments and subscribing to the concept of compensation by countries "who were unable to reach full conformity (100 per cent) in May and June, with a willingness to accommodate it in July, August and September, in addition to their already decided production adjustment for such months."[31]

The decision quickly received positive feedback from other stakeholders, with US Energy Secretary, Dan Brouillette, tweeting that he applauded OPEC+ for reaching an important outcome, "which comes at a pivotal time as oil demand continues to recover and economies reopen around the world."[32]

What followed on 8 June was another first for OPEC, a virtual press conference with over 100 media attending. With Prince Abdul Aziz, Arkab, Novak and Barkindo in attendance, the forum provided an opportunity to support the decisions taken at the ministerial meetings two days previously.

Novak highlighted the positives of the mechanism of the DoC and the flexibility it allows in making decisions, and Prince Abdul Aziz reiterated that "we have no room whatsoever for lack of conformity."[33] It reinforced the importance of being attentive to market developments, and underscored the mandate of the JMMC, which the ministerial meetings had tasked to meet monthly until December 2020 to closely review market conditions, oil production levels and ensure 100 per cent conformity from all DoC participants.

The 6 June ministerial meetings also called upon all major oil producers to proportionally contribute to the stabilization of the oil market, taking into consideration the substantial efforts made by the OPEC and non-OPEC Participating Countries in the DoC. The value of transparent and open channels for communication with industry stakeholders has been highlighted since OPEC's humble beginnings back in Baghdad in September 1960, and remains to the fore today.

In this regard, since April, OPEC has further evolved relations with producers such as Canada (Alberta), Norway, Colombia, Brazil and

Argentina, including OPEC Secretariat bilateral meetings with the respective energy ministers; benefitted from the relationships that have evolved with US tight oil producers over the last four years, particularly at the annual CERAWeek conference; and held briefings with major consumers, China, India and the European Union.

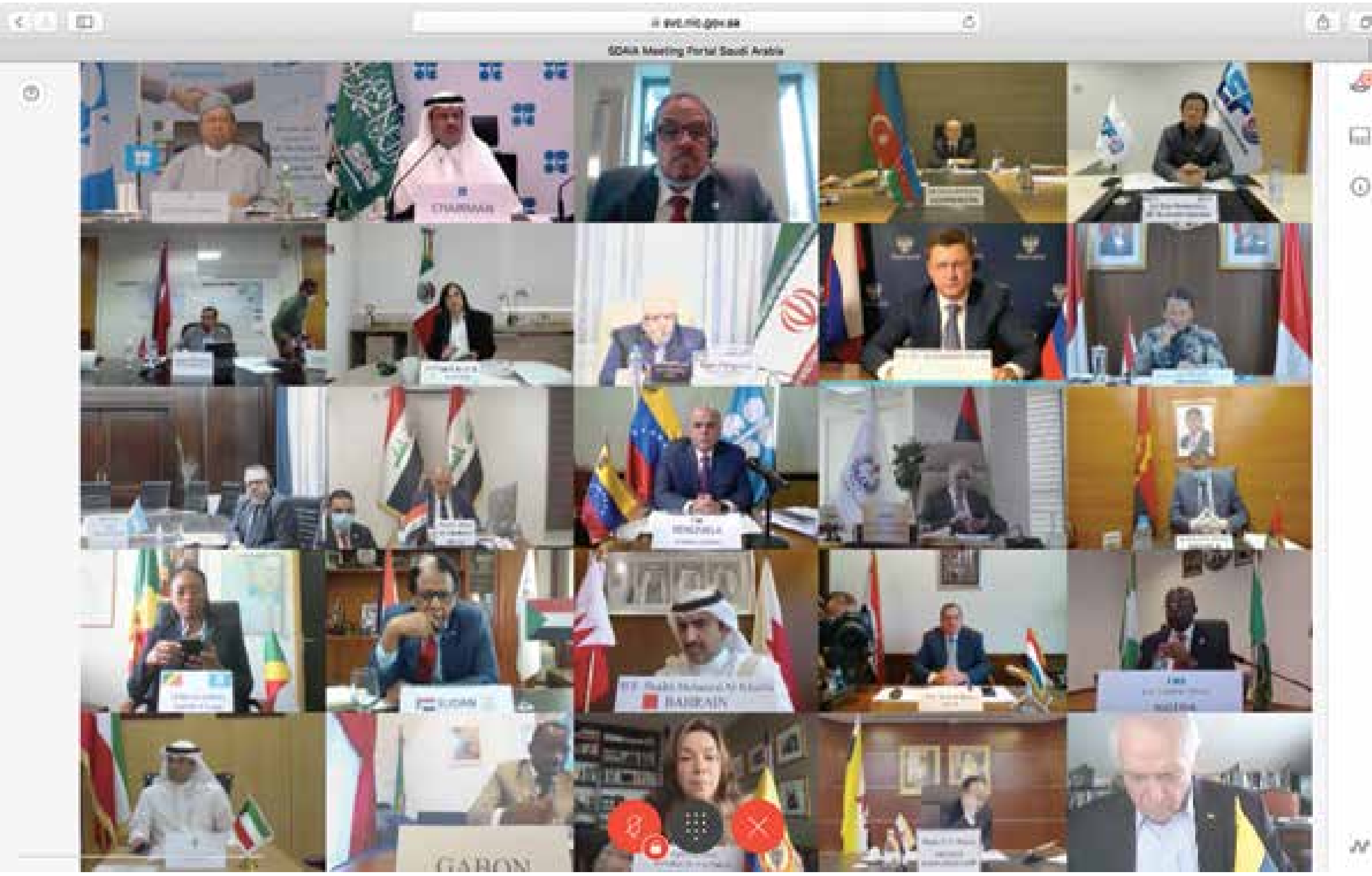
There are years when it seems like very little transpires; and then there are months where it feels like many years have elapsed. The period from March-early June 2020 was a time in the oil market that on occasions felt like an eternity. However, OPEC Member Countries, and partners in the DoC, have been unwavering in their decision making since 9 April to help aid the market rebalancing process.

There is recognition that there is no short-term fix for the 2020 crisis, which is underscored by the scale and scope of the DoC decision and its advancement at the 6 June meetings. It is not only observant of the short term, but also a platform for recovery and future growth. A means to rebalance oil market fundamentals, draw down stocks, and help return a sustainable stability to the market.

The spirit that guided the founding of OPEC in Baghdad back in September 1960 was clearly present in the decisions taken in 2020. The idea that the five Founding Members of OPEC were stronger together 60 years ago was channeled into the response of DoC participants as they responded to the COVID-19 pandemic.

*The **178th (Extraordinary) Meeting of the OPEC Conference**, Vienna, 5 March 2020: Mohamed Arkab (c), OPEC Conference President and Minister of Energy of Algeria; with Mohammad Sanusi Barkindo, OPEC Secretary General.*

*Mohammad Sanusi Barkindo, OPEC Secretary General, talks to the press after the **8th OPEC and non-OPEC Ministerial Meeting,** Vienna, 6 March 2020.*



Ministerial discussions via videoconference at the ***9th (Extraordinary) OPEC and non-OPEC Ministerial Meeting****. For the oil market, the period from the 8th OPEC and non-OPEC Ministerial Meeting to the 9th and 10th (Extraordinary) OPEC and non-OPEC Ministerial Meetings held between 9–12 April 2020, was one of the most tumultuous in the industry's long history.*

On 10 April 2020, a day after the 9th Extraordinary OPEC and non-OPEC Ministerial Meeting, the ***G20 energy ministers****, representing both oil producing and consuming nations, convened an emergency meeting to discuss the dire situation in the global oil market. HRH Prince Abdul Aziz Bin Salman Al Saud, Minister of Energy of Saudi Arabia, chaired the virtual meeting.*

Mohammad Sanusi Barkindo, OPEC Secretary General, addresses participants in a roundtable briefing with the National Energy Administration of China, 14 May 2020.

OPEC and India held a videoconference briefing on 6 May 2020, to discuss the impact of the COVID-19 pandemic on the global economy and the oil market.

Secretary General, Barkindo, spoke with Alberta's Energy Minister, Sonya Savage, 10 June 2020.

*On 6 June 2020, the **179th Meeting of the OPEC Conference** and the **11th OPEC and non-OPEC Ministerial Meeting** met via videoconference to review the impact of the historic decision taken at the 10th (Extraordinary) OPEC and non-OPEC Ministerial Meeting of 12 April and the oil market outlook for the remainder of the year and into 2021.*

*Following the **179th Meeting of the OPEC Conference** and the **11th OPEC and non-OPEC Ministerial Meeting** in June 2020, for the first time ever, a press conference with over 100 attendees was convened via videoconference.*

*Hasan Hafidh (c), Head, PR & Information Department, took care of press requests during the press conference held via videoconference following the **179th Meeting of the OPEC Conference**, June 2020. Pictured with Dr Abderrezak Benyoucef (l), Head, Energy Studies Department, and Behrooz Baikalizadeh (r), Head, Petroleum Studies Department.*

Part Two:
Cross Cutting Issues

Chapter 9: Outreach to non-OPEC and Consumers

As an intergovernmental organization and proud member of the multilateral system, dialogue is integral to OPEC and part of its *raison d'être.* The Founding Members of the Organization acted in strict accordance with UN principles and purposes in establishing OPEC. As highlighted in *Chapter 3*, the Agreement establishing OPEC was registered at the UN Secretariat on 6 November 1962, under No 6363.[1]

OPEC's first resolution, adopted at the inaugural Meeting of the OPEC Conference on 14 September 1960, put dialogue front-and-centre of the new Organization's *modus operandi*. This was reflective of the Organization's collective approach to tackling the prevailing industry challenges at that time and was the first expression of the Organization's commitment to dialogue and cooperation. Perhaps of all the themes that have resonated throughout OPEC's history, this has been the most consistent.[2]

Over the course of the 1960s and 1970s, the Organization set about strengthening the mechanisms for dialogue among Member Countries. A pivotal moment for the Organization was the 'Declaratory Statement of Petroleum Policy in Member Countries', which was adopted by OPEC in June 1968 and referred to "the inalienable right of all countries to exercise permanent sovereignty over their natural resources in the interest of their national development."[3]

It was clear from the early years of OPEC, however, that there was a much broader scope for dialogue and cooperation. Throughout this period, it was clear OPEC was not operating in a vacuum and dialogue with other stakeholders in the energy industry would increase in importance with time. This included major consumers, with the IEA set up in Paris on 18 November 1974 and consisting of most OECD countries, although this dialogue would take time to evolve, with oil importing developing countries and with non-OPEC producers.

This was clear in the concluding Solemn Declaration that followed the First OPEC Summit in Algiers in March 1975. It stated that Sovereigns and Heads of State of OPEC Member Countries reaffirmed "their support for dialogue, cooperation and concerted action for the solution of the major problems facing the world economy." Sovereigns and Heads of State also agreed to the holding of an international conference that would bring together developed and developing countries.[4]

The energy industry encompasses a broad range of stakeholders, many of whom have diverging opinions. Particularly apparent from the early years of OPEC's dialogue was the differing interests of oil exporting developing countries and oil importing developing countries. For example, the 37th (Extraordinary) Meeting of the OPEC Conference that met on 9 January 1974 in Geneva, said in its press release: "OPEC having received request from certain consuming countries, considers that exchange of opinions and information with the consuming countries about matters of common interest would be useful."[5]

In Paris, in April 1975, the Conference on International Economic Cooperation (CIEC), or 'North-South Dialogue', took place. Seven developing countries attended — including Algeria, Iran, Saudi Arabia and Venezuela from OPEC — as well as the nine-nation European Economic Community (EEC), the US and Japan.

The CIEC was finally launched in Paris with a ministerial meeting of the participating nations in mid-December 1975. Representation numbered 27 countries (counting the nine-nation EEC as one bloc), among which were the 'Group of 19' developing countries (including OPEC Members Algeria, Indonesia, Iran, Iraq, Nigeria, Saudi Arabia and Venezuela), 12 oil importing developing countries and eight industrialized participants. However, after two years of slow progress, it was felt that the CIEC had run its course.

As the deep challenges that beset the oil industry in 1980s played out, the prospects for further dialogue looked slim. Yet, as the saying goes, 'necessity is the mother of all invention.' OPEC was not giving up, and recognized the inherent benefits of a better understanding among stakeholders.

Non-OPEC relations

An increasing number of voices called for intensified cooperation with non-OPEC producers throughout the decade. In 1984, President of the 70th Meeting of the OPEC Conference, Libya's Kamal Hassan Maghur, stated in his opening address: "Non-OPEC producers … must seriously consider the long-term advantages of cooperation with OPEC, because, without such cooperation, the market cannot hold … There is no alternative to (cooperation)."[6]

The Conference thus decided to 'establish contacts' with non-OPEC producers whose increased output had contributed substantially to creating the market situation in the mid-1980s, "with a view to finding ways and means of enhancing cooperation between OPEC and those countries, in a joint effort to shoulder the responsibility of stabilizing the oil market."[7]

Resultantly, representatives from non-OPEC oil producers began to appear at Meetings of the Conference as observers. Egypt and Mexico attended the

71st (Extraordinary) Meeting of the Conference in Geneva in October 1984. Representatives from Brunei Darussalam and Malaysia attended the two-part 72nd Meeting of the Conference in the same city two months later. The Conference President at the meeting, Indonesia's Dr Subroto, opened the latter meeting with the remarks: "This is a happy indication that some non-OPEC producing and exporting countries from the Third World are showing a greater degree of understanding and cooperation with us in our efforts to achieve market stability."[8] Observers from Angola, later to become an OPEC Member Country, and Oman attended the 77th (Extraordinary) Meeting of the Conference in Geneva from 16 to 24 March 1986, which reconvened, after a recess, from 15 to 21 April 1986.

Norway's position on OPEC took an interesting turn in May 1986, when Gro Harlem Brundtland became Prime Minister of Norway. In her Labour government's inaugural address to the Norwegian Parliament, it was stated: "If the OPEC Countries agree on measures … the government will contribute to such stabilization, which may in turn ensure future supplies of oil and gas."[9]

The President of the Conference, Nigeria's Dr Rilwanu Lukman, marked the 26th Anniversary of OPEC in September 1986, by stating: "Our Organization has indeed welcomed the action taken by many of its fellow producers — such as Mexico, Egypt, Oman, Malaysia, Angola and Brunei — who … have expressed a willingness to assist in restoring stability to the market. It also appreciates the positive new attitude adopted by the government of one of the leading North Sea oil producing countries, Norway."[10]

In 1986, the so-called 'Three Wise Men' of Dr Subroto, Dr Lukman and Arturo Hernandez Grisanti from Venezuela, also undertook shuttle diplomacy to help further evolve the relationship between the non-OPEC and OPEC Member Countries *(see Chapter 4).*

In March 1988, a group of non-OPEC producers consisting of Angola, China, Columbia, Egypt, Malaysia, Mexico and Oman met in London to discuss the state of oil market and possible means of supporting it. It aimed to coordinate their views and positions before meeting a committee of six OPEC Member Countries in Vienna.

A joint meeting between OPEC and non-OPEC in April 1988 attracted seven non-OPEC producers — Angola, China, Columbia, Egypt, Malaysia, Mexico and Oman. The joint *communiqué* at the end of the meeting stated: "(All the participants) noted that it constitutes the beginning of a new stage of cooperation between a large number of oil producing countries, and they hoped that others would join in the effort. In that respect, the non-OPEC countries undertook to continue their efforts to secure the participation of other countries. The underlying assumption shared by all is that a stable oil market is the responsibility of all and consequently the burden should be shared … The countries present also agreed that this initial step should be followed by continuous contact at whichever level is deemed necessary."[11]

In January 1989, technical experts from six OPEC Member Countries met their counterparts in London to develop and strengthen cooperation towards the achievement of market stability. The non-OPEC participants were Angola, China, Colombia, Egypt, Malaysia, Mexico and Oman, while attending as observers were Alaska (US), Alberta (Canada), Norway, the Soviet Union, Texas (US) and the Yemen Arab Republic.

Another joint meeting of technical experts from the two groups met in Oman in March 1990. The closing press *communiqué* stated that it "discussed the short-term oil market outlook, market mechanisms and the market prospects for the 1990s, as well as related environmental issues and the likely evolution of the energy industry in general, and oil in particular."[12] In addition to representatives from all OPEC's Member Countries, experts came from Alaska, Alberta, Angola, China, Colombia, Egypt, Malaysia, Mexico, North Yemen, Norway, Oman and the Soviet Union.

In December 1990, the 88th Meeting of the Conference agreed on the establishment of a technical working committee between the Secretariat and a group of independent petroleum-exporting countries (dubbed 'IPEC') to undertake joint studies on issues of common interest and to exchange information. The term 'IPEC' was a convenient soubriquet, since it twinned neatly with 'OPEC'. However, no such formal entity existed. Instead, it referred to the oil exporters who came together specifically for an *ad-hoc* series of meetings in the early-1990s. Indeed, some IPEC 'participants', such as the US State of Texas, were not even countries.

An IPEC/OPEC Ministerial Meeting on the Environment was held on 23 April 1992 (just over a week after OPEC had held its own Seminar on the Environment, *see Chapters 11 and 14)* in the build-up to the Earth Summit in Rio De Janeiro, Brazil, in June of that year. It was attended by participants from Azerbaijan, Alberta, Angola, China, Egypt, Kazakhstan, Malaysia, Mexico, Norway, Oman, the Russian Federation and the Republic of Yemen. Fourteen IPEC producers also attended a joint IPEC/OPEC Ministerial Meeting in Muscat, Oman, on 13 April 1993, with a focus on long-term issues.

Intermittent talks between OPEC and non-OPEC continued in the 1990s, with pledges to help stabilize the market, and this went further in Riyadh, on 22 March 1998, when Saudi Arabia, Venezuela and Mexico agreed to adjust voluntarily 1.4 mb/d of production. The Conference President at the time, Obaid bin Saif Al-Nasseri of the UAE, saw the 'Riyadh Understanding' as a moment which "marks the beginning of a new era of cooperation in the relations between OPEC and non-OPEC oil producers."[13]

On 5 June 1998, Saudi Arabia, Venezuela and Mexico met in Amsterdam and pledged to further voluntarily adjust production by 450,000 b/d from 1 July. On 11 March 1999, four OPEC Member Countries — Algeria, IR Iran, Saudi Arabia and Venezuela — met with Mexico in The Hague for further discussions on voluntary production adjustments.

On 4–5 March 2002, OPEC President, Dr Lukman, Secretary General, Dr Alí Rodríguez Araque, and the Secretariat's Director of Research, Dr Adnan Shihab-Eldin, met with senior representatives from the Russian Federation to discuss further measures the Russian Federation could take in support of the production adjustments OPEC had committed itself to in the aftermath of 11 September 2001.[14]

Norway was also involved in adjusting its production in solidarity with OPEC in 2001/02. In February 2002, Conference President, Dr Lukman, welcomed the decision by Norway to carry over its first-quarter commitment to adjust output by 150,000 b/d to the second quarter. "In taking this action," he said, "Norway will be greatly supporting OPEC's efforts to balance global supply and demand."[15]

In his opening remarks at the 120th Extraordinary Meeting of the Conference, held on 26 June 2002, Conference President, Dr Lukman, provided a status update on relations with non-OPEC saying: "OPEC/non-OPEC cooperation goes from strength-to-strength. Only last week, here in the Secretariat, we held a highly productive one-day meeting of senior experts from OPEC and non-OPEC producing countries, to exchange views on recent developments and the short-term outlook for the oil market, so as to reach a better understanding of the current situation. Ten non-OPEC producing countries participated. These included the five countries that contributed to the output adjustments in January — Angola, Mexico, Norway, Oman and the Russian Federation — as well as Egypt, Kazakhstan, Malaysia, Syria and Yemen."[16]

On 19 September 2002, the OPEC Conference met in Osaka, Japan. High-level representatives from Mexico, Oman and the Russian Federation were in attendance. The Conference again "highlighted the importance of strengthening effective cooperation with all non-OPEC producing countries in the interests of achieving lasting stability in the oil market."[17]

The Minister of Petroleum of Angola, the Ambassador of Egypt to Austria representing the Minister of Petroleum of Egypt, the Under-Secretary of Hydrocarbons of Mexico, the Minister of Oil and Gas of Oman, and the Deputy Minister of Energy of the Russian Federation all attended the 124th Meeting of the OPEC Conference, held on 11 March 2003, in Vienna.[18]

Abdullah bin Hamad Al Attiyah, President of the Conference, and Qatar's Minister of Energy and Industry, said in his opening remarks: "Our market-stabilizing measures must receive the full support and cooperation of other parties, including non-OPEC producers, the international oil companies and consumers. The presence of high-level representatives of non-OPEC countries at the Meeting is seen as renewed confirmation of their solidarity with the objectives of the Organization to stabilize the oil market."[19]

The 125th (Extraordinary) Meeting of the Conference that convened in Doha, Qatar, on 11 June 2003, welcomed the presence of observers from many leading non-OPEC oil exporting nations, including the Minister of

Petroleum of Angola, the Under-Secretary of Hydrocarbons of Mexico, the Minister of Oil and Gas of Oman, the Deputy Minister of Energy of the Russian Federation, and the Minister of Petroleum and Mineral Resources of the Syrian Arab Republic.

Al Attiyah's opening remarks again welcomed the presence of the non-OPEC countries "who have so often in the past been supportive of our efforts towards a stable and fair market, emphasizes once again the need for the cooperation of all parties in the petroleum industry — including consumers — if we are to achieve order and stability."[20]

OPEC Secretary General, Dr Alvaro Silva-Calderón, undertook an official visit to Oman from 14–16 June 2003. As the press release issued on the occasion stated: "A new initiative of institutionalizing a working breakfast between OPEC and non-OPEC oil producing countries before the twice-yearly Ordinary Meetings of the OPEC Conference has been warmly welcomed by all concerned, since it provides an excellent and timely opportunity to analyze the latest developments in the world oil market and to exchange ideas, as well as to explore ways in which cooperation between OPEC and non-OPEC oil producing nations might be further strengthened in the future."[21]

The 127th Meeting of the Conference in Vienna on 24 September 2003 was attended by the Minister of Petroleum and Mineral Resources of the Syrian Arab Republic and high-level representatives from Angola, Egypt, Mexico, Oman and the Russian Federation.

In 2004, the Conference met five times — twice in Vienna for the 130th and 132nd Meetings, in Algiers for the 129th Meeting, in Beirut for the 131st Meeting, and in Cairo for the 133rd Meeting of the Conference. Over the year, representatives from eight non-OPEC countries attended one or more of these Conferences, namely, Angola, Egypt, Lebanon, Mexico, Oman, Sudan, Syria and the Russian Federation. The Conference repeatedly emphasized the solidarity between OPEC and non-OPEC in pursuit of market stability.

These gradually intensifying contacts between OPEC and non-OPEC, particularly expressed by non-OPEC attendance at Meetings of the Conference, would culminate in a more formal way with some nations in the OPEC International Energy Dialogues, which are discussed in the next chapter, and with others through taking OPEC Membership or more latterly in the historic Declaration of Cooperation (DoC) that is covered in detail in *Chapters 7 and 8.*

The International Energy Forum: a Journey of the Producer-Consumer Dialogue

On 1–2 July 1991, a 'Ministerial Seminar for Oil-Producing and Consuming Countries' was held in Paris, attracting 25 countries, including six OPEC Members and the energy and industry ministers from France, Norway, the UK and Germany. Venezuela co-hosted the meeting. The four main issues discussed were the international oil market, economic and industrial cooperation, the futures market and the environment. There was consensus on the need for "sound contacts" by all oil market/industry participants at bilateral, multilateral, technical, regional and global levels to increase mutual understanding and confidence.

The Paris meeting eventually evolved into the IEF, which is now the premier ministerial-level organ of global dialogue among oil producers and consumers. The title 'International Energy Forum' was adopted at its seventh meeting in Riyadh on 17–19 November 2000. The previous meetings had been labelled, respectively, 'Ministerial Seminar', 'Ministerial Workshop' and (the third to sixth) 'International Energy Conference'.

As the IEF has gone from strength-to-strength, OPEC and its Member Countries have been heavily involved in its activities, including drawing up its Charter, signed in Riyadh on 22 February 2011. Its Secretariat was set up as a permanent body in an OPEC Member Country, Saudi Arabia, in November 2005.

Its purpose would be to "(provide) the framework for informal, yet substantive dialogue between oil and gas producers and consumers."[22] The IEF Secretariat would help ensure the continuity of dialogue between the biennial ministerial forums and broaden the focus to include both international and regional energy issues. It would also provide a platform to study and exchange views on the relationship between energy, technology, the environment and economic growth. OPEC has also played a major role in the development of one of the most tangible products, now under the coordination of the IEF: the Joint Organisations Data Initiative (JODI).

OPEC has been part of the JODI initiative from the beginning. It was one of six international organizations involved in setting it up. The others were the Asia Pacific Energy Research Centre, the EU's Eurostat, the IEA, the Latin American Energy Organization (OLADE) and the UN Statistics Division.

The OPEC Secretariat hosted the third meeting of the original specialist international forum on oil statistics on 10 May 2001, whose purpose was to enhance oil market transparency by producing more accurate, timely and complete data. Previous meetings were held in Paris on 13–14 November 2000 and Bangkok on 2–3 April 2001.

The early initiative on data had come about at a meeting hosted by OLADE in Quito, Ecuador, in September 1998, and this had been followed by another gathering in Paris in November 1999. The ongoing process also followed a call by Ministers at the 7th IEF in Riyadh in November 2000 to do something about the lack of data transparency that was seen as contributing to market instability.

The Vienna meeting marked the launch of the 'Joint Data Exercise', a product of the Bangkok gathering and is considered to be the first step towards improving data transparency. Participants at that meeting would work on the standard definitions, product groupings and reporting units. Then IEF member countries would participate in the exercise by providing basic oil market statistics for a six-month period.

The 'Joint Oil Data Initiative', as the process then came to be called, would be established as a permanent mechanism in 2003. Following endorsement by IEF ministers, the IEF would assume the role and responsibility as coordinator of JODI in January 2005. Since then, it has managed the JODI World Database with the objective of improving the quality and transparency of international oil statistics.

By 2010, over 90 countries, representing more than 90 per cent of global supply and demand, would be submitting data to JODI through their respective organizations. The data covered the production, refining, demand and stocks of seven product categories: crude oil, liquefied petroleum gas, gasoline, kerosene, diesel oil, fuel oil and total oil. JODI was also extended to cover monthly natural gas data and annual data on upstream and downstream capacities and expansion plans.

It would be re-labelled the 'Joint Organisations Data Initiative' early in 2011 and consisted of two main initiatives: JODI-Oil and JODI-Gas. The JODI-Oil database has been publicly available since 2005, while the JODI-Gas database was launched during the 14th IEF Ministerial Meeting (Moscow, May 2014). OPEC actively participates in both JODI-Oil and JODI-Gas. The OPEC Secretariat has also hosted inter-secretariat meetings.[23]

In 2020, through the use of nationally-sanctioned data, JODI provides a reliable, freely accessible and comprehensive database of energy statistics unlike any other in the world. OPEC has been proud to have been part of its development from the very start and continues to be active in its evolution, including through various seminars and workshops.

Another productive aspect of dialogue under the umbrella of the IEF Secretariat and with much direct involvement from OPEC's Member Countries has been the Asian Ministerial Energy Roundtable. This was first held as the 'Roundtable of Asian Oil and Gas Ministers' in New Delhi, India, with Kuwait as co-host, in January 2005.

Carrying the theme 'Regional cooperation: key to energy security', it was seen as an important step for dialogue in the fastest-growing region of the global economy. The meeting concluded that cooperation between Asian producers and consumers was crucial to ensuring stability, security and sustainability through mutual interdependence in the region's oil and gas economy.

The Second Asian Ministerial Energy Roundtable was held in a Member Country, Saudi Arabia, in May 2007, the third was in Tokyo in May 2009, co-hosted by Qatar, and the fourth would be in another Member Country, Kuwait, in April 2011. The fifth took place in Seoul, South Korea, in September 2013, the sixth in Doha, Qatar, in November 2015 and the seventh in Bangkok, Thailand, in November 2017.[24]

The eighth iteration of the roundtable took place on 10 September 2019, in Abu Dhabi, UAE, with OPEC Secretary General, Mohammad Sanusi Barkindo, in attendance.

International Energy Agency

The past two decades have witnessed a rise in joint activities between OPEC and the IEA, often in tandem with the IEF. When reflecting upon his term as Secretary General from 1988–94, Dr Subroto said: "I believe that the most important development was the establishment of cooperation between OPEC and the IEA. For many years prior to 1988 and during the early part of my time at the Secretariat, the relationship between the two organizations was one of cat and mouse. It often felt like the two organizations were crossing swords every time they met. Gradually, however, the relationship developed, and I believe it was in Paris in 1991 that we sat next to each other for the first time at an event. There was a coming-together and an understanding that, in many respects, our interests, particularly with regard to market stability, were similar.[25]

"Following this, the understanding between Helga Steeg (then Executive Director of the IEA) and I developed, and a more formal relationship between the two organizations was built. At that time, the word 'dialogue' was seen very much as taboo, but the organizations were able to sit down together and initiate such a thing. And this helped in pushing forward the establishment of the IEF."[26] Dr Subroto added that "the slogan I remember from that time was 'from confrontation to cooperation'. And there is clearly a more cooperative environment today."[27]

Some of the IEF's key activities revolve around a triangular relationship between it, the IEA and OPEC. For example, at the IEF's biennial

Ministerial-level meetings, each of these organizations provides a background paper to the event, which play a leading role in the discussions.

At an *ad hoc* level, the IEF, the IEA and OPEC, together with host country Saudi Arabia, prepared a joint background paper for the Jeddah Energy Meeting, which was held on 22 June 2008 at the time of high market volatility. This paper provided the basis for the gathering and was circulated among participating delegations several days before the event.[28]

Entitled 'Global efforts to stabilize the international oil market', it identified key features of the market's recent behaviour, examined its causes and consequences, and set out some proposals for addressing it. The four parties also prepared the concluding joint statement, which recognized the importance of focusing on seven specific areas, among them IEA/OPEC/IEF collaboration, and announced that a working group would be formed to undertake follow-up activities.[29]

The theme of IEA/OPEC/IEF collaborative projects was developed further at the 12th IEF Ministerial Meeting in Cancun, Mexico, in March 2010, when the three organizations identified areas of cooperation in the concluding Cancun Ministerial Declaration, which would constitute a key stage in the drawing up of the IEF Charter signed in Riyadh on 22 February 2011.

In the Cancun Declaration of 2010, the IEA, the IEF and OPEC identified the following specific areas for cooperation between the three organizations: a shared analysis of energy market trends and outlooks; physical and financial market linkages and energy market regulation; and JODI related activities.[30]

Following this, in January 2011 the three parties held their first annual Symposium on Energy Outlooks at the IEF in Riyadh. "The Symposium offered a platform for sharing insights and exchanging views about energy market trends and short-, medium- and long-term energy outlooks, including analysis of market behaviour and discussion of the key drivers of the energy scene along with the associated uncertainties," the concluding Riyadh statement affirmed.[31] The tenth IEA-IEF-OPEC Symposium on Energy Outlooks took place on 19 February 2020.

Other regular joint events between the IEA, OPEC and the IEF are the Joint Workshop on the Interactions between Physical and Financial Energy Markets and the Symposium on Gas and Coal Market Outlooks.

The relationships between the three Organizations continue to evolve and flourish. In the *communiqués* concluding the first G20 Energy Ministers Meeting in Istanbul, Turkey, on 2 October 2015, and the second G20 Energy Ministers Meeting in China on 29–30 June 2016, Ministers welcomed the joint work of the IEA, the IEF and OPEC to further understand energy outlooks and the interaction between physical and financial markets. They encouraged the IEA, the IEF and OPEC to continue their fruitful collaboration on market transparency as a critical prerequisite for energy security and investment, and acknowledged the importance of timely and high-quality market-related information on all energy resources.

Implicit in all this is the continuing growth of a more harmonious relationship between OPEC and the IEA. This began to develop in the late 1980s, as highlighted by Dr Subroto, and particularly the 1990s, coinciding with, or perhaps galvanized by, the big changes taking place across the global economic and political landscape.[32]

Significant in this regard was a confidential meeting between Dr Lukman, then OPEC Secretary General, and the recently appointed Executive

Director of the IEA, Robert Priddle, in the historic Bristol Hotel in Vienna's first district on 17 March 1995. The two heads discussed key topical issues affecting the industry at that time and welcomed the prospect of future meetings.

After that, there was a steady improvement in relations and on 5 September 2002, OPEC and the IEA held their first-ever joint press conference, following the appearance together of the OPEC Secretary General, Dr Alvaro Silva Calderón, and Priddle at the 17th World Petroleum Congress in Rio de Janeiro. The *OPEC Bulletin* wrote shortly after that this was a signal of the commitment to establish cooperation between the two groups.[33]

Two months later, on 13 November, Priddle became the first IEA Executive Director to visit the OPEC Secretariat. At that meeting, Dr Silva Calderón described the comradery existing between OPEC and the IEA as a welcome development that would promote understanding in meeting the challenges facing the global energy industry. He added that the Organization had always held the conviction that oil market stability in the interests of both producers and consumers could only be attained through cooperation and understanding.[34]

Priddle said that the purpose of his visit had been to participate in high-level talks, during which the two parties could discuss potential future areas of cooperation. His meeting with Silva Calderón had marked a change in the parties' relationship. "We can acknowledge that we have issues which we need to discuss with each other and that this can be at the highest level between the Secretary General of OPEC and the Executive Director of the IEA," he pointed out.[35]

Priddle's successor as Executive Director, Claude Mandil, visited the

Secretariat shortly after taking up the post in January 2003. He saw that as a clear demonstration of his personal commitment to helping the two major international energy institutions work more closely together, in the overall interests of the global economy. Later, in an interview with the *OPEC Bulletin,* Dr Silva Calderón described the enhanced relations between the two groups as one of the highlights of his 18 months as Secretary General.[36]

In September 2007, the IEA Executive Director Nobuo Tanaka — soon after assuming his responsibilities as IEA Executive Director — met with the then OPEC Secretary General, Abdalla Salem El-Badri, at OPEC's Vienna headquarters. Tanaka then received El-Badri at the IEA's headquarters in Paris in March 2008. Following this meeting, El-Badri said: "OPEC welcomes this opportunity … such dialogue enables both the IEA and OPEC to gain an even broader understanding of the oil market from the consumer's and the producer's perspectives."[37]

When Maria van der Hoeven was Executive Director of the IEA, she participated in a high-level panel at the 6th OPEC International Seminar on 3 June 2015. Increasingly, during this period, the Executive Director of the IEA and the OPEC Secretary General shared the floor at a broad range of industry platforms including the Oil and Money Conference, the World Economic Forum in Davos, CERAWeek and other industry-related events.

Symbolic of the close ties between the two organizations was the election in September 2015 of Dr Fatih Birol as Executive Director of the IEA. Dr Birol began his career in OPEC before spending two decades at the IEA. One of Dr Birol's earliest missions in his new capacity was to the OPEC Secretariat in September 2015. In April 2016, he then hosted El-Badri in Paris.

In September 2016, Barkindo, who had become OPEC Secretary General a month earlier, visited Dr Birol at the IEA headquarters in Paris to underscore the commitment of both organizations to continued cooperation and the exchange of views on recent oil market developments.

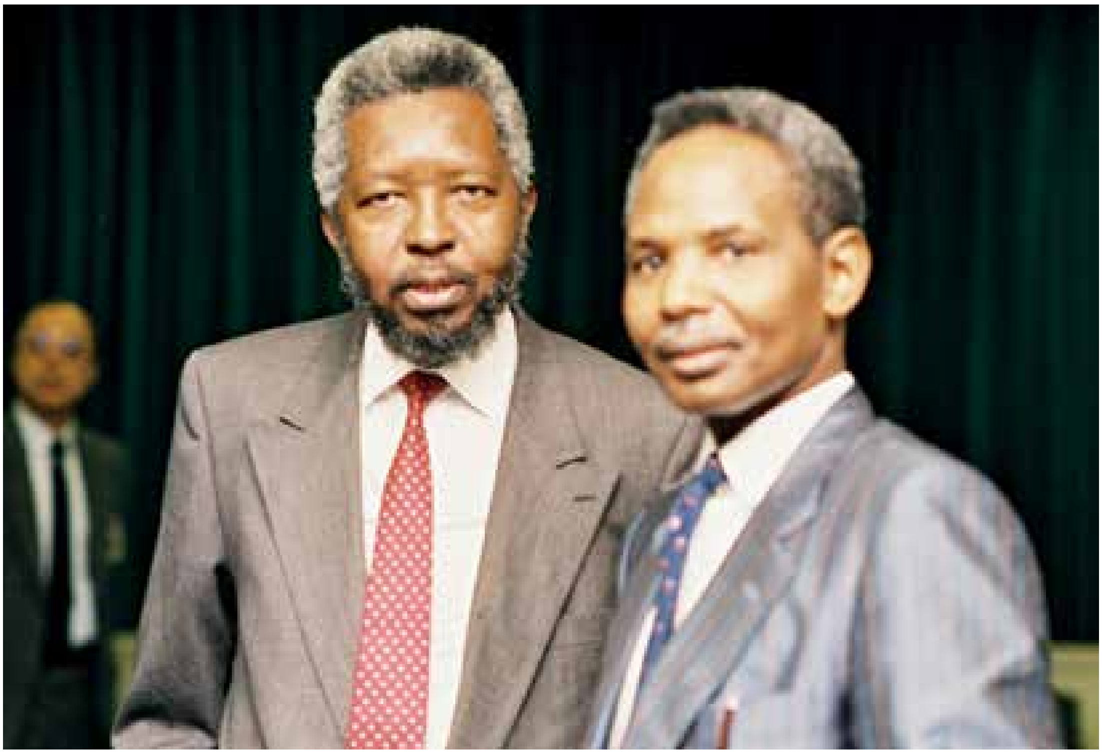
In April 2018, Dr Birol once again visited the OPEC Secretariat. On the occasion of this visit, both Dr Birol and Barkindo reflected on how far relations had come: "Whether it is under the 'umbrella' of the IEF, or through coordinated joint research activities, closer 'collaboration' and 'complementarity' between our two organizations have become the watchwords of the day," Barkindo said.[38]

"I am pleased to visit the OPEC Secretary General and the OPEC Secretariat," Dr Birol said. "This meeting represents yet another fruitful opportunity to exchange views, discuss recent trends in the market and further deepen the important ties between our organizations."[39]

Dr Birol also presented at a Special Session entitled 'Global energy and sustainability: today and tomorrow', at the 7th OPEC International Seminar. His contribution typified the data sharing, transparency and exchanged perspectives that have come to characterize the fruitful and blossoming relationship between OPEC and the IEA.

The value and benefits of the relationship between OPEC and the IEA were clearly evident in 2020, with Barkindo and Dr Birol sharing conversations and ideas on how best to tackle the oil and energy market challenges in the face of the COVID-19 pandemic.

In 1986, the so-called 'Three Wise Men' of Dr Subroto from Indonesia (above r and below l), Dr Rilwanu Lukman from Nigeria (above l) and Arturo Hernandez Grisanti (below r) from Venezuela, undertook shuttle diplomacy to help further evolve the relationship between OPEC and non-OPEC countries.



In 1987 Angola participated in a Committee Meeting at the OPEC Secretariat in Vienna: Eng Desiderio da Graca Verissimoe Costa (l), Angola's Minister of Petroleum; with Dr Rilwanu Lukman, Nigeria's Minister of Petroleum Resources. Costa was Minister when Angola joined the Organizaiton in 2007.

A working breakfast was held between OPEC and representatives of five non-OPEC nations (Angola, Egypt, Oman, the Russian Federation and Syria), before the ***126th (Extraordinary) Meeting of the OPEC Conference****, Vienna, 31 July 2003.*

Above and below: the Custodian of the Two Holy Mosques, HM King Abdullah Bin Abdulaziz Al-Saud of Saudi Arabia (c), addressed the inauguration of the newly launched IEF headquarters in Riyadh in November 2005.

L–r: Ali Al-Naimi, Saudi Arabia's Minister of Petroleum and Mineral Resources; Dr Alí Rodríguez Araque, Venezuela's Minister of Energy and Mines; and Robert Priddle, Executive Director of the IEA; at the 7[th] ***International Energy Forum****, Riyadh, Saudi Arabia, 17–19 November 2000.*

The ***10[th] International Energy Forum****, Doha, Qatar, 22–24 April 2006. Heads of Delegation front row (from l–r): Ambassador Arne Walther, Secretary General, IEF; Claude Mandil, Executive Director, IEA; and Mohammed Barkindo, Acting for the OPEC Secretary General; with other delegates attending the Forum.*

Claude Mandil, Executive Director of the IEA visiting OPEC Secretary General, Abdalla Salem El-Badri, at the OPEC Secretariat in 2007.

IEA Executive Director, Nobuo Tanaka (l), attending the OPEC Seminar in Vienna in 2009, with Abdalla Salem El-Badri.

The ***14th International Energy Forum****, Moscow, Russian Federation, 2014 (l–r): Ms Maria van der Hoeven, Executive Director of the IEA; Abdalla Salem El-Badri, OPEC Secretary General; Seyed Mohammad Hossein Adeli, Secretary General, GECF; and Aldo Flores-Quiroga, Secretary General, IEF.*

IEA Executive Director, Dr Fatih Birol (r), visiting OPEC Secretary General, Barkindo, at the OPEC Secretariat in Vienna on 4 April 2018.

Chapter 10: OPEC's International Dialogues

Having outlined in the previous chapter the genesis and evolution of OPEC's ongoing relationship with the non-OPEC world, as well as with the IEF and the IEA, this chapter will look at another of the most tangible outcomes of this dialogue journey: the OPEC International Energy Dialogues.

The First Solemn Declaration made at the Conference of Sovereigns and Heads of State of OPEC Member Countries held in Algiers, Algeria, 4–6 March 1975, emphasized the importance of dialogue and cooperation and this was further reinforced at the Second Summit of Heads of State and Government of OPEC Member Countries, held in Caracas, Venezuela, 27–28 September 2000.[1]

The Heads of State and Government of Member Countries, through the Second Solemn Declaration, resolved "to actively seek new and effective channels of dialogue between oil producers and consumers, for the purpose of market stability, transparency and sustainable growth of the world economy."[2]

In the Third Solemn Declaration, from the Conference of Sovereigns and Heads of State of OPEC Member Countries, held in Riyadh, Saudi Arabia, 17–18 November 2007, the Heads of State and Government of Member Countries, resolved to "strengthen and broaden the dialogue between energy producers and consumers through the IEF and other international and regional fora, for the benefit of all, and note successful dialogues between OPEC, the European Union, the People's Republic of China, the Russian Federation, the IEA and others."[3]

The Organization's most recent LTS from 2016 also underscores the importance of dialogue and cooperation, reinforcing the strategies from 2005 and 2010.[4] The 2010 LTS states: "In an increasingly interdependent world, more focused and in-depth dialogue among all related parties is imperative in enhancing cooperation on a broad range of issues of mutual concern — such as market stability, security of energy supply and demand, upstream and downstream investments, technology, the availability of skilled manpower, energy poverty and sustainable development. OPEC will continue to expand and strengthen its dialogue with all producing and consuming countries, as well as regional groups, UN institutions and other energy-related international organizations."[5]

Recalling OPEC's history, 2005 can be viewed as a landmark year with regard to dialogue between OPEC and other producers, and particularly with consumers.

The ball started rolling in January of that year with the first roundtable of Asian oil and gas ministers in New Delhi, aimed at promoting producer-consumer relations at the heart of the world's fastest-growing region. In May, the third Joint Workshop between OPEC and the IEA was held in Kuwait City.

In June 2005, there was a significant breakthrough in energy cooperation talks with the first-ever Ministerial-Level Meeting between OPEC and the EU. Held in Brussels, the talks were initially conceived as a means for testing the waters, yet they proved so successful that a second Ministerial Meeting was held in early December, this time in Vienna. Just before this gathering, the two parties staged their first joint roundtable, which looked at oil market developments.

The year concluded with OPEC forging a formal energy dialogue with China in Beijing, followed within days by a similar initiative with the Russian Federation in Moscow. Add to all this the inauguration of the official headquarters of the IEF in Riyadh, Saudi Arabia, in September, and the significance of the year is clear.

EU-OPEC Energy Dialogue

The idea for the EU-OPEC dialogue had been agreed upon in contacts between the Dutch EU Presidency, the European Commission and the OPEC Conference President, Indonesia's Dr Yusgiantoro, at the end of 2004, in recognition of their mutual interdependence. Special preparatory meetings were then held in Brussels on 25 February and Vienna on 29 April, as well as through numerous other exchanges.

This eventually led to the first High-Level Meeting, on 9 June 2005, in Brussels, which was spent predominantly on establishing an overall framework for the ongoing dialogue initiative.

The parties adopted the following overarching themes, which were deemed important for enhancing cooperation, in the mutual interest of both the EU and OPEC: oil market developments, both short- and medium-to-long-term, energy policies, energy technologies and energy-related multilateral issues. It was agreed that these themes would be developed through workshops, roundtables and other meetings, which could include, where appropriate, other multilateral organizations.

The *OPEC Bulletin* described the meeting as "yet another milestone in the pursuit of cooperation and dialogue between oil producers and consumers."[6] It was precisely the kind of contact that OPEC had always supported. The

Organization had championed the need for OPEC/non-OPEC cooperation, as well as dialogue with consumers. "Now," it added, "through the creation of a proper framework for talks to take place with the EU — OPEC's largest trading partner — both parties have agreed to study many of the complex issues that surround the international oil market and explore ways of addressing them jointly."[7]

There were two more significant meetings of the EU-OPEC Energy Dialogue in 2005. One was the first joint roundtable, on the subject of oil market developments, held at the Secretariat on 21 November. The other was the second Ministerial-Level Meeting of the dialogue, again in Vienna and this time on 2 December.

The third instalment of the Dialogue took place on 7 June 2006 and saw the EU and OPEC formally agree upon several initiatives, including a roundtable on energy and the environment and a joint study on oil refining. The fourth High-Level Meeting took place on 21 June 2007, in Vienna and the fifth on 24 June 2008, in Brussels.

"We have seen once again how much common understanding there is between our two groups on issues that lie at the heart of an efficient, well-functioning oil sector and the importance of the dialogue in fostering this,"[8] Dr Chakib Khelil, OPEC Conference President, and Algerian Energy and Mines Minister, told a joint press conference after the fifth meeting. "As with its predecessors, the fifth meeting of the Dialogue has been an important and enlightening experience," he affirmed.[9]

Interestingly, a two-day joint workshop the two parties held on 4–5 December 2006, as part of the EU-OPEC Energy Dialogue, expressed key concerns that would tragically come to fruition just two years later.

Entitled the 'Impact of Financial Markets on the Price of Oil' and attracting participants from such bodies as oil companies, investment banks, stock exchanges, regulators, research institutions, hedge funds, pension funds, producers and inter-governmental agencies, it focused on two key issues, namely: how well the current spot and future market structure performed the functions of price discovery, price transparency and risk transfer; and whether greater financial participation in oil had significantly influenced oil prices and price volatility.

While the workshop recognized the positive impact of financial markets, through liquidity and greater transparency in price discovery, it also noted possible adverse effects, such as higher price volatility if investors periodically exaggerated price trends. Additionally, concern was expressed about futures and futures options being based on a very narrow volume of physical trading in major benchmark crudes, pointing to the need for, among other things, the introduction of more representative physical benchmark contracts. The workshop, moreover, emphasized the need for better regulation and the release of more frequent high-quality market data, which would benefit all market participants.

The results demonstrated the foresight of the EU-OPEC Energy Dialogue in examining this issue well before the outbreak of the global financial crisis in the third quarter of 2008, and in highlighting possible risks from the *status quo* continuing unabated. Indeed, for some observers at the workshop, the changing balance of market participants and the narrowing physical trade implied that the industry had abdicated its price-setting ability to the funds. Much of the expressed concern in December 2006 turned out to be justified less than two years later.

The sixth iteration of the series took place in Vienna, on 23 June 2009.

Both parties noted that the meeting was taking place against the backdrop of one of the most severe global economic contractions since the 1930s, adding that this was having a profound impact on the Member Countries of both parties, and served to underline the importance of the dialogue. Despite the current short-term volatility, both sides agreed that it was important for the industry to maintain a firm focus on meeting longer-term challenges.

On 28 June 2010, the seventh High-Level Meeting took place in Brussels. Both parties decided to organize a roundtable discussion on the challenges facing offshore oil and gas exploration and production activities, especially the issue of offshore safety. This decision was in response to the Deepwater Horizon disaster. This tragic event led to the worst oil spill in the history of the US and sparked a major review of the feasibility of drilling for oil offshore and especially at such extreme depths.

The eighth and ninth High-Level Meetings took place in June 2011 and June 2012, respectively, and at the latter, in welcoming the OPEC delegation to Brussels, Günther Oettinger, the EU's Energy Commissioner, praised the dialogue for its significant contribution to improving their joint understanding of the global oil markets. "Our cooperation has matured and we are starting to take an interest not just in traditional consumer-producer issues. It has allowed us to start focusing also on the need for a broader energy base on technological developments in the field of energy, which have an impact on energy demand and supply," he asserted.[10]

The 10th High-Level Meeting took place on 11 November 2013, and the 11th was in Brussels on 24 June 2014, with the EU pointing out the key role OPEC had been playing in cushioning against recent oil supply disruptions.

The 12th High-Level Meeting took place on 21 March 2016, in Vienna. Addressing a joint press briefing, the then European Commissioner for Climate Action and Energy, Miguel Arias Cañete, said: "We expect oil to remain an important fuel in our energy system in the years to come and, therefore, our current and future economies depend on a stable and affordable supply of oil." He added that OPEC had demonstrated itself to be an efficient, reliable and economic supplier of oil. "And in this context, the partnership between the EU and OPEC is more important than ever," he maintained.[11]

The 13th High-Level Meeting took place on 22 November 2018, in Brussels. The Heads of Delegation from both parties met with Dr Karin Kneissl, the Foreign Minister of the Republic of Austria, which held the Presidency of the Council of the EU during this period. Since the last meeting of the dialogue, it was noted that the global oil industry had experienced the full spectrum of ups and downs, with both major challenges, as well as an impressive recovery. This recovery was, in great part, due to the active cooperation between OPEC and its non-OPEC participants in the DoC.

In his opening remarks to the meeting, OPEC Secretary General, Mohammad Sanusi Barkindo, said: "The EU-OPEC High-level Dialogue, now in its 13th year, has become a fixed point on our calendars. Since its inception in 2005, we have seen this process of dialogue and cooperation flourish and grow at all levels."[12]

OPEC-Russia Energy Dialogue

The Russian Federation is currently playing a leading role in the DoC process and has co-chaired the JMMC since its inception. However, the

Russia-OPEC Energy Dialogue predates this, and has served as an extremely productive and fruitful forum. In 1992, the Russian Federation was given observer status to the OPEC Conference, and in subsequent years it participated in many Ministerial Meetings. Moreover, during this period there were also technical exchanges and workshops organized and attended by both sides.

A significant moment came when the then OPEC Secretary General, Dr Lukman, held a meeting in Moscow on 19 May 1998, with the Russian Federation which said that a delegation would attend an OPEC Conference for the first time, namely the 105th Meeting, due to begin in Vienna on 24 June. The *OPEC Bulletin* commented in May 1998: "The unprecedented meeting (in Moscow) shows how far the process of producer-détente has evolved … One of the world's largest oil exporters is signalling its recognition that it shares a basic economic interest with the 11 Members of OPEC. That signal alone can prove beneficial to … stability."[13]

OPEC established a formal energy dialogue with the Russian Federation at the end of 2005. This followed a decision taken at the 133rd (Extraordinary) Meeting of the Conference in Cairo, Egypt, on 10 December 2004, which "instructed the Secretariat to take the necessary steps with a view to establishing a formal dialogue with the Russian Federation on areas of mutual interest and concern."[14]

On 26 December, an OPEC delegation, headed by OPEC Conference President, Sheikh Ahmad Fahad Al-Ahmad Al-Sabah of Kuwait, met its counterpart in Moscow, led by Victor Khristenko, Minister of Industry and Energy of the Russian Federation. The meeting consisted of an exchange of views on oil market developments; energy policies, including demand and covering the expectations of the Group of Eight (G8) countries, particularly in the context of the Russian Federation holding the Presidency of this group in 2006; as well as multilateral issues, including the environment. OPEC delivered a statement at the G8 Energy Ministers' Meeting on 15–16 March 2006 in Moscow.[15]

Addressing the meeting, Al-Sabah said: "An enhanced dialogue among producers, in particular between the Russian Federation and OPEC, will benefit globally both producers and consumers, contribute immensely to market stability and improve energy security. It will assure consumers, especially those in developing countries with rising demand, of assured and reliable oil and gas supplies to fuel their economic development in the 21st century."[16]

Since then, meetings of the two parties have taken place in the Russian Federation and at the OPEC Secretariat. Both before and after the opening of the dialogue, high-level officials from the Russian Federation have attended many Meetings of the Conference as observers, and their views on topical issues have been welcomed by the Organization.

In July 2006, when the Russian Federation hosted the 32nd G8 Summit in St Petersburg, a major breakthrough was made in the global understanding of energy security, and OPEC was heavily involved in the build-up to this, especially through the G8 Energy Ministerial Meeting that was held in Moscow in March 2006. The Organization noted in an official statement to the meeting that "the concept of 'global energy security' is so fundamental to life in the 21st century that every effort must be made to clarify its meaning, to gain a consensus on this and to ensure that its true principles are embodied in decision-making processes across the energy sector by at least the major players."[17]

In October 2008, Secretary General, El-Badri, met with the Russian Federation President, Dmitry Medvedev, who stated that cooperation with OPEC was of key importance for stable, predictable markets and indicated that he welcomed more interaction and fruitful cooperation.

The First High-Level Meeting of the Russia-OPEC Energy Dialogue was held at the OPEC Secretariat towards the end of September 2012, and was attended by a high-ranking delegation from the Russian Federation. It was chaired by the Russian Federation's Minister of Energy, Alexander Novak, and Secretary General, El-Badri. According to a joint press release issued after the talks, both parties underscored the importance of stable and predictable markets for the long-term health of the petroleum industry and future investments, and above all, the well-being of the global economy.

In July 2013, El-Badri attended the Second Gas Summit of The Heads of State and Government of Gas Exporting County Forum (GECF) Member Countries, where he met with a number of high-level Russian Federation oil industry executives, as well as the President of the Russian Federation, Vladimir Putin.

At the end of October 2013, a delegation from the OPEC Secretariat, led by OPEC Secretary General, El-Badri, was in Moscow to participate in the *International Energy Week* conference and the Second High-Level Meeting of the OPEC-Russia Energy Dialogue. The Third High-Level Meeting then took place in Vienna in mid-September 2014, with El-Badri and Novak chairing again. In his opening remarks, Novak stressed that his country was interested in deepening its cooperation with OPEC on a variety of oil market and related issues.[18]

The Fourth High-Level Meeting was held in Moscow in July 2015, with Novak and El-Badri again heading the delegations.

The Fifth High-Level Meeting was held at the OPEC Secretariat in Vienna in October 2016. Barkindo, having taken over as OPEC Secretary General in August 2016, jointly chaired the event with Novak. In his opening remarks, Barkindo said: "The OPEC-Russia Energy Dialogue has become an established platform, among others, to discuss the variety of challenges that we face, as well as the opportunities that our industry continues to offer."[19]

The fifth iteration also came at the key juncture of shuttle diplomacy and talks that would eventually lead to the historic DoC *(see Chapter 7)* on 10 December 2016, with the Russian Federation playing a pivotal role.

The Sixth High-Level Meeting of the OPEC-Russia Energy Dialogue was held in May 2017, co-chaired by Novak, and Khalid A. Al-Falih, Minister of Energy, Industry and Mineral Resources of Saudi Arabia, who also served as President of the OPEC Conference in 2017. Barkindo, a delegation of OPEC officials and senior executives from various Russian Federation national oil companies, as well as representatives of the academic community, were also present.

Since the end of 2016, the relationship with the Russian Federation has flourished, with Secretary General, Barkindo, attending a number of events and fora in the country, and holding various bilateral meetings with Novak and President Putin.

OPEC-India Energy Dialogue

With India's close proximity to the Middle East, its relationship with many OPEC Member Countries has historically been strong. Given its major economic expansion of the past two decades and the growth in its energy demand, the connectedness has multiplied.

With the ever-evolving relationships to the fore, the first ever High-Level Meeting of the OPEC-India Energy Dialogue took place in New Delhi in December 2015. The meeting was chaired by Dharmendra Pradhan, India's Minister of Petroleum and Natural Gas and Skill Development and Entrepreneurship, and Secretary General, El-Badri. Both Pradhan and El-Badri underscored the importance of OPEC to India, and *vice versa,* with El-Badri stating that around 85 per cent of India's crude and nearly 90 per cent of its gas requirements come from OPEC Members.

In December 2016, Secretary General, Barkindo, met with Pradhan at Petrotech, an international oil and gas conference held in New Delhi. The Minister officially welcomed the Secretary General to India, on behalf of Prime Minister, Narendra Modi, and his government, and congratulated him for his ongoing efforts to ensure a return to oil market stability. The Second High-Level Meeting of the dialogue was held in May 2017 in Vienna.

In April 2018, Barkindo, on a visit to India, also made a pilgrimage tour to one of the world's oldest refineries, Digboi, and oil well No 1 in the remote northeastern corner of the country, which is the birthplace of the oil industry in India's Assam state.

The Third High-Level Meeting of the dialogue was held in 2018 in India, following the second annual India Energy Forum. Both parties reiterated the continued importance of the dialogue as an indispensable forum for fostering good relations, facilitating knowledge exchange and pooling technical expertise.

In his opening remarks, Barkindo said: "India is an extremely important partner for OPEC, and all of us in the Organization are determined to continue strengthening the relationship."[20] He also emphasized that a major component of OPEC's *WOO* was the increasing importance of India for the future of the international oil industry.[21] Interactions have occurred in a variety of forums including ADIPEC in 2019 and the Extraordinary Meeting of G20 Energy Ministers in April 2020.[22] A videoconference was held to discuss the COVID-19 pandemic and the DoC responses to them on 3 June 2020.[23]

OPEC-China Energy Dialogue

OPEC's energy dialogue with the People's Republic of China began in December 2005 in Beijing, China, with the main purpose of establishing a balanced, pragmatic framework for cooperation and the development of an ongoing exchange of views at all levels on energy issues of common interest, in particular security of supply and demand, so as to enhance market stability.

The OPEC Conference President, Al-Sabah, met with the Chinese Vice Premier, Zeng Peiyan, who stressed the importance his government attached to establishing a dialogue with OPEC, as well as Ma Kai, Chairman of China's National Development and Reform Commission.

The two parties stated that effective producer-consumer dialogue provided a 'win-win' situation for all participants, as well as for the industry as a whole. It was also noted, with regard to China and OPEC, that China's economic growth required a secure, steady supply of energy, while OPEC's crude oil reserves and production were expected to continue growing, ensuring that there would be enough oil to meet rising world demand for decades to come.[24]

In April 2006, the first round of high-level technical roundtables between OPEC and China took place at the OPEC Secretariat in Vienna. Barkindo, who was then Acting for the Secretary General, chaired the roundtable and developed a strong rapport with Xu Dingming, Vice Chairman, Director General of the Energy Bureau, NDRC, and head of the Chinese delegation.

The event was also a milestone for the dialogue, in that it saw the participation of high-level representatives from the China National Petroleum Corporation (CNPC), the China Petroleum and Chemical Corporation (Sinopec) and China's Energy Research Institute. The second high-level technical roundtable took place in October 2007 in Beijing.

The Second High-Level Meeting was held in December 2017 in Beijing. Attendees on the Chinese side included senior executives from the National Energy Administration (NEA), CNPC and Sinopec. The Third High-level Meeting was held in Vienna in October 2019. The Meeting was co-chaired by Zhang Jianhua, Administrator of the NEA, and Secretary General, Barkindo. Dr Sun Xiansheng, Secretary General, International Energy Forum, also participated and delivered opening remarks.

A further example of the close cooperation between OPEC and China was clear during the outbreak of the deadly COVID-19 in 2020, which had a significant impact on the Chinese economy and world oil demand.

On 4 February 2020, Wang Qun, Permanent Representative and Ambassador Plenipotentiary and Extraordinary of the Permanent Mission of the People's Republic of China to the UN and other International Organizations in Vienna, attended a meeting of the JTC to the DoC and briefed members about the latest developments related to the epidemic in China, its implications, and expectations. On 14 May 2020, Barkindo held a videoconference with Minister Zhang Jianhua and staff of China's NEA and China's UN Ambassador Wang Qun for a "milestone" webinar meeting to discuss the impact of the pandemic on the economy and oil market, OPEC-China collaboration and multilateralism.[25]

Other avenues for dialogue

Dialogue has not only been confined to a national government level; rather, it has involved representatives from the private sector and other key stakeholders in the energy industry too. Since 2017, the OPEC Secretariat has expanded the Organization's North American outreach, particularly with US independent producers that had driven the country's tight oil boom. At CERAWeek in Houston in March 2017, Secretary General, Barkindo, and an accompanying OPEC delegation, opened up a dialogue or what could be termed a 'communication' channel so that OPEC could better understand the perspectives of North American independents, and *vice versa.*

What ensued at CERAWeek 2017 were a couple of significant high-level get-togethers between OPEC and US oil industry CEOs, leaders and innovators that allowed key industry stakeholders to informally engage with each other. This has continued in subsequent years.

Moreover, the outreach in the US since 2017 has also included briefings and dialogues with institutional investors and financial market participants, as a means to open up an avenue to navigate this complex and multi-faceted topic in an open and transparent manner.

A series known as Technical Meetings on Asian Energy and Oil Outlook was established in 2015 and has been active since then, with meetings organized on an annual basis. The first meeting took place in June 2015, and they have been held every year since at the OPEC Secretariat, with the fifth and most recent meeting taking place in November 2019.

This technical meeting is considered an integral part of OPEC's dialogue with Asian countries. The objective of these meetings is to provide a platform for exchanging views between OPEC Member Countries and major consuming countries in Asia and to enhance OPEC's understanding of major trends in energy demand and supply in Asian countries in general and, oil supply/demand, in particular.

OPEC has had an established relationship with both the IMF and the World Bank since approximately 2003. The Secretariat participates in the IMF/World Bank biannual meetings as an 'Observer' (contrary to a delegate/member) and also participates as an 'Observer' at the International Monetary and Financial Committee (IMFC) and the G24 meetings.

OPEC's relations with the IMF were also enhanced in the opening decade of the new century. In November 2004, a team of economic and financial experts from the IMF visited the Secretariat on a fact-finding mission, after holding discussions with other oil industry experts in both London and Paris. The themes of the talks involved an assessment of the global oil market, the prospects for capacity expansion during 2005–06 and global refining. The two parties agreed that cooperation between organizations such as the IMF and OPEC was invaluable in enhancing understanding between the various parties and in opening up opportunities for further dialogue. OPEC had also made statements on oil market matters to the IMFC in September 2005 and April 2006.

The two parties held their first joint high-level meeting in Vienna on 22 May 2006. The purpose was to explore how the two intergovernmental bodies could work together more closely in the future at the most senior level to enhance order and stability in the international oil market, in support of sound world economic growth. The two delegations were led by Barkindo, then Acting for the Secretary General, and Rodrigo de Rato, the IMF's Managing Director.

They agreed on the critical role that energy played in support of world economic growth, and de Rato expressed his appreciation to OPEC for its contribution in that respect. He added that the two intergovernmental bodies had a shared interest in ensuring that the market remained well-supplied with oil, so as to meet the continued rise in demand and support healthy world economic growth.[26] On 17 June 2016, Christine Lagarde, the IMF's Managing Director, met with Acting Secretary General, El-Badri, at the OPEC Secretariat.[27]

OPEC's engagement with the G20 dates back to 2009, when the G20 Pittsburgh Summit Leader's Statement designated it "the premier forum" for international economic cooperation. Energy has been an important focus of G20 deliberations since 2009, when G20 leaders agreed to promote energy market transparency and market stability as part of their broader effort to avoid excessive volatility. Over the subsequent years, the OPEC Secretariat has proactively engaged in the G20 Energy Initiatives to help arrive at broader and more inclusive outcomes.

Moreover, OPEC Ministers at the 163rd Meeting of the OPEC Conference on 31 May 2013, "acknowledged the importance of the Secretariat remaining closely involved with the G20 in order to ensure that Member Countries were kept fully abreast of developments."[28]

OPEC has also evolved a strong relationship with the GECF, through a bilateral Memorandum of Understanding signed in 2019, and on 22 June 2020 through the inaugural Technical Meeting of the OPEC-GECF Energy Dialogue.

The meeting was headed by Secretary General, Barkindo, and his GECF counterpart, Yury Sentyurin, and reflected on the impact of the COVID-19 pandemic on the global economy, as well as oil and gas markets. Exchanges were also held on medium- and long-term energy market assumptions and perspectives, and technical collaboration on data and statistics.

Barkindo noted the many things that the GECF and OPEC have in common, including sharing many of the same Member Countries, the essential nature of both for the development of humankind and organizational goals. Sentyurin said this meeting represents a "new chapter in our collaboration."[29]

Importance of dialogue

The last two chapters and much of the history recorded in this book have underscored how vital dialogue is for OPEC and how it has extended the hand of friendship to many critical partners. This will only intensify over the next 60 years, as OPEC continues to play and extend its role within the global multilateral system.

The **first meeting of the EU-OPEC Energy Dialogue**, Brussels, Belgium, 9 June 2005, l–r: OPEC Acting for the Secretary General, Dr Adnan Shihab-Eldin; Nigerian Presidential Adviser on Petroleum and Energy, Dr Edmund Maduabebe Daukoru; OPEC President of the Conference and Minister of Energy of Kuwait, Sheikh Ahmad Fahad Al-Ahmad Al-Sabah; EU Energy Commissioner, Andris Piebalgs; Luxembourg's Minister of the Economy and Foreign Trade, Jeannot Krecké; UK Minister for Energy, Malcolm Wicks; and the Netherlands Minister of Economic Affairs, Laurens Brinkhorst.

OPEC and the IMF held their first joint high-level meeting in Vienna on 22 May 2006. The two delegations were led by Mohammad Sanusi Barkindo (r), then Acting for the Secretary General, and Rodrigo de Rato (l), the IMF's Managing Director.

*The **1st High- Level OPEC-China Roundtable**, 27–28 April 2006, Vienna: Acting for the Secretary General, Mohammad Sanusi Barkindo (l), with the Vice Chairman, Director General of the Energy Bureau, National Development and Reform Commission (NDRC) and head of the Chinese delegation, Xu Dingming.*

*Delegates at the **12th High-level Meeting of the EU-OPEC Energy Dialogue**, Vienna, 21 March 2016.*

On 17 June 2016, Christine Lagarde, IMF's Managing Director, met with El-Badri at the OPEC Secretariat.

The 5th ***High-level Meeting on OPEC-Russia Energy Dialogue****, Vienna, 24 October 2016: Alexander Novak, Minister of Energy of the Russian Federation; Mohammad Sanusi, Barkindo, OPEC Secretary General; and members of the the Russian Federation Delegation and the OPEC Secretariat.*

Mohammad Sanusi Barkino (c), OPEC Secretary General, attended ***CERAWeek*** *in Houston in March 2017; with Dr Fatih Birol (r), Executive Director of the IEA; and Daniel Yergin (l), Vice Chairman, IHS Markit, and Chairman of CERAWeek.*

Delegates at the ***2nd High-level Meeting of the OPEC-India Energy Dialogue****, Vienna, 22 May 2017.*

*Delegates at the **5th Technical Meeting on Asian Energy and Oil Outlook**, Vienna, 18 November 2019.*

*The Secretary General of the GECF, Yury Sentyurin, talked via videoconference with OPEC Secretary General, Mohammad Sanusi Barkindo, at the **1st Technical Meeting of the OPEC-GECF Energy Dialogue** on 11 June 2020.*

Chapter 11: The OPEC International Seminar

One of the most tangible manifestations of OPEC's commitment to dialogue is its eagerly anticipated International Seminar that is today regarded as one of the premier events on the global energy calendar. Although they have come in various forms over the decades, the high-profile gatherings have been unified in their breadth of outreach.

Seminar participants are a proverbial who's who of the 'great and the good' in the oil industry, including ministers from OPEC's Member Countries and other oil producing and oil-consuming nations, as well as heads of intergovernmental organizations, chief executives of NOCs and IOCs, academics, specialist media and other energy experts.

As the parameters in which the oil and energy industry operates have evolved, so too have the OPEC seminars, embracing areas such as global finance, sustainable development and the environment, and their reputation has grown in stature over the decades. A respectable 200 participants attended a 1978 seminar; four decades later in 2018, there were nearly five times that number, with 950 at the Hofburg Palace in the Austrian capital, Vienna.

The first OPEC Seminar was held in Vienna, from 30 June to 5 July 1969, with the theme 'International oil and the energy policies of the producing and consuming countries'. An eight-year wait then ensued until the next one, which turned out to be the first in a mini-series, listed as follows:

10–12 October 1977 — *The present and the future role of the national oil companies*

9–11 October 1978 — *Downstream operations in OPEC Member Countries: prospects and problems*

3–5 October 1979 — *OPEC and future energy markets*

24–26 November 1981 — *Energy and development: options for global strategies*

An important milestone in the increasing prominence that environmental issues would play was the one-off *Seminar on the Environment* on 13–15 April 1992, held to prepare for the Earth Summit in Rio de Janeiro in June of that year.

A new era began in 2001, with the launch of a new series called the 'OPEC International Seminar.'

The **1st OPEC International Seminar** took place at the Intercontinental Hotel, Vienna, from 28–29 September 2001. In his opening address at this Seminar, Algerian Minister of Energy and Mines and President of the OPEC Conference, Dr Chakib Khelil, stated: "This seminar, entitled *OPEC and the global energy balance: towards a sustainable future* is the first full OPEC Seminar to be held in almost a decade. Its purpose is to provide the international energy industry with a special opportunity to examine in depth topical issues that concern all of us, particularly with regard to the way the industry is likely to evolve in the coming decades.

"The seminar can be envisaged as the concluding event in OPEC's protracted 40th anniversary celebrations. It comes exactly one year after the historic Second Summit of OPEC Heads of State, which was held in Caracas, Venezuela, on 27–28 September 2000."[1]

The **2nd OPEC International Seminar** took place at the Intercontinental Hotel, Vienna, from 16–17 September 2004, entitled *Petroleum in an interdependent world.* Around 500 participants benefited from the two-day Seminar programme, which included addresses from internationally-renowned speakers from many of the world's biggest oil companies (both state-owned and private), as well as academics, analysts, and representatives from OECD nations and OPEC Member Countries, to name but a few. Important questions were asked about the many energy challenges facing the world, from the hot topic of capacity expansion to the role of natural gas, technological and environmental developments, and the use of petroleum in the light of sustainable development.[2]

Opening the Seminar, President of the OPEC Conference and Secretary General, Dr Yusgiantoro, noted that its theme had been chosen because it embodied the principal challenges facing the petroleum industry. He said: "The world, and not just dominant sections of it, should be able to derive benefits from this remarkable natural resource, petroleum. Such benefit should be compatible with broader-based issues of man-kind, such as sustainable development, environmental harmony and the eradication of poverty."[3]

The **3rd OPEC International Seminar** took place from 12–13 September 2006 at the Hofburg Palace, Vienna. The emphasis was on longer-term issues, as was clear from its title, *OPEC in a new energy era: challenges and opportunities.* OPEC Conference President, Dr Edmund Maduabebe Daukoru, said in his welcoming address: "This theme has been chosen … to reflect the fact that there have been fundamental changes to both the character and the dynamics of the world energy industry since the turn of the century, and that this may, in turn, affect the way the industry addresses the challenges that lie before it."[4]

It attracted some 500 participants and speakers, including oil and energy ministers, oil company executives, high-level consuming and producing government representatives and petroleum experts and analysts.[5]

The **4th OPEC International Seminar** took place from 18–19 March 2009, again at the Hofburg Palace, entitled *Petroleum: future stability and sustainability.* The backdrop to this Seminar was the grave financial crisis that the world then faced. In his opening remarks, Eng José Maria Botelho de Vasconcelos, Angolan Minister of Petroleum and President of the OPEC Conference, said: "The financial and economic crises facing the global economy are having major knock-on effects on the energy industry and the oil market in particular. This has led to a contraction in oil demand … The implication of this situation for the future stability and sustainability of the petroleum industry will be critically examined in the course of the next two days. This will be done against the background of consensus in the industry that, for the foreseeable future, fossil fuels will continue to be the major source of the world's energy supply."[6]

The **5th OPEC International Seminar** took place from 13–14 June 2012 entitled *Petroleum: fueling prosperity, supporting sustainability.* This Seminar saw an address by the Federal President of the Republic of Austria, Dr Heinz Fischer, who emphasized that the relationship between OPEC, Austria and the City of Vienna had gone from strength-to-strength since 1965. President Fischer stated, "It's true … It's a very positive relationship and we are proud to host you in Vienna." He added, "I very much value the efforts of OPEC to extend the dialogue and cooperation on energy issues."[7]

The **6th OPEC International Seminar** took place between 3 and 4 June 2015 under the theme *Petroleum: an engine for global development.*[8] Eight hundred participants attended the Seminar, at which high-level speakers addressed the main issues surrounding international energy markets and spoke of the principle challenges facing the industry going forward.

Over a very busy two days, participants were treated to some 30 presentations covering all aspects of the energy industry, including global energy outlooks; oil market stability; production capacity and investment; technology and the environment; and prospects for the world economy. In addition, many members of the international media, who find the OPEC Seminar an invaluable source of information on petroleum industry developments, were on hand to conduct numerous interviews, as well as listen to current modes of thinking.[9]

The 2015 event also coincided with a special milestone in OPEC's close and highly valued ties with the Federal Republic of Austria and the City of Vienna. Qatar's Dr Mohammed Bin Saleh Al-Sada, Alternate President of the OPEC Conference, noted: "It is our golden anniversary … the Organization feels privileged to have been able to call this outstanding international city home for the past half century."[10]

The **7th OPEC International Seminar** took place from 20–21 June 2018 under the theme *Petroleum — cooperation for a sustainable future.* It tackled issues such as evolving a sustainable energy future; technology breakthroughs; the energy transition; the environment; oil industry challenges; investments and the global economy. The *OPEC Bulletin* stated that the Seminar "broke new ground and set new records, with more than 950 participants from over 50 nations, around 80 speakers, 60 ministers and CEOs, 19 sponsors, 20 exhibitors, and 170 journalists, analysts and photographers. It saw the Secretariat's audiovisual team take over 7,000 pictures and record more than nine terabytes of video coverage, while the Organization received thousands of interactions on both Twitter and Facebook."[11]

In his welcoming remarks at the 7th OPEC International Seminar, Secretary General, Barkindo, said: “This year’s OPEC Seminar is the first to bring together so many producers, from OPEC and non-OPEC producers, as well as major consuming nations, elevating this 7th OPEC Seminar to a new level. They will speak alongside CEOs of national oil companies, international oil companies, independents, service companies and major think tanks; we have the heads of other international organizations; the head of the UNFCCC, IEA, IEF, GECF and, a host of eminent industry stakeholders. I could go on. It is really a who’s who of global oil and energy industry leaders. The wisdom and insights of these leaders will undoubtedly provide for rich and engaging discussions.”[12]

In his concluding remarks, Barkindo added: “Reflecting on our discussions over this Seminar, one cannot help but conclude that the future success of this industry indeed lies in the three ‘c’s’: cooperation; cooperation and cooperation.”[13]

Cooperation was central to the setting up of the OPEC Seminar series, and it will remain central to the future of it, and OPEC as an Organization, in the years ahead.

The value of all industry stakeholders is also recognized by OPEC in the OPEC Research and Journalism Awards, which are now a regular part of the Seminar and a means to honour distinguished individuals who have made outstanding contributions to the petroleum industry and oil-related issues.

At the 2018 Seminar, Barkindo described the history and importance of the two Awards. “Many years ago, to be precise, in 2004,” he said, “OPEC decided to establish the Research Award in order to acknowledge and celebrate excellence in the field of research, especially in the academia.”

OPEC did this to recognize the contributions of research to the industry. "We are both consumers of the products of research, as well as a source of products of research," he noted.[14] The Journalism Award, which is open to both print and broadcast journalists, is given to an experienced journalist or media organization that has delivered objective and balanced reporting/analysis of the oil market and related issues for more than ten years.

The Seminar tradition continues between 16 and 17 June 2021, when the **8th International OPEC Seminar** takes place at the Hofburg Palace, Vienna; the sixth consecutive occasion at this historic Austrian landmark. It will be held under the theme, *Towards an inclusive energy transition,* and will mark the 20-year anniversary of the OPEC International Seminar series.

*The **first OPEC Seminar** was held in Vienna, 30 June–5 July 1969, with the theme 'International oil and the energy policies of the producing and consuming countries'.*

*The **OPEC Seminar** on 'The present and the future role of the national oil companies' was held in Vienna, 10–12 October 1977.*

*The **OPEC Seminar** on 'Energy and development: options for global strategies' was held in Vienna, 24–26 November 1981.*

Professor Robert Mabro from the Oxford Institute for Energy Studies spoke at the ***OPEC Seminar on the Environment****, Vienna, 13–15 April 1992.*

The 1st ***OPEC International Seminar*** *on 'OPEC and the global energy balance: towards a sustainable future' took place at the Intercontinental Hotel, Vienna, 28–29 September 2001.*

The 2nd ***OPEC International Seminar*** *took place at the Intercontinental Hotel, Vienna, 16–17 September 2004, entitled 'Petroleum in an interdependent world'.*

The 3rd ***OPEC International Seminar****, 12–13 September 2006, Hofburg Palace, Vienna, titled, 'OPEC in a new energy era: challenges and opportunities'.*

The 4th ***OPEC International Seminar****, 18–19 March 2009, again at the Hofburg Palace, under the theme 'Petroleum: future stability and sustainability'.*

The ***5th OPEC International Seminar*** *entitled 'Petroleum: fueling prosperity, supporting sustainability', Vienna, 13–14 June 2012.*

The ***6th OPEC International Seminar,*** *3–4 June 2015, Vienna, under the theme 'Petroleum: an engine for global development'.*

The 7th ***OPEC International Seminar,*** *20–21 June 2018, Vienna, under the theme 'Petroleum — cooperation for a sustainable future' broke new ground and set new records.*

8th OPEC International Seminar

Hofburg Palace
Vienna, Austria

*The Seminar tradition continues with the 8th **International OPEC Seminar**. It will be held under the theme, 'Towards an inclusive energy transition', and is set to again be held at the Hofburg Palace in Vienna.*

*The 7th **OPEC International Seminar**, was attended by many dignitaries from government, international organizations, oil companies, including Ihsan Abdul Jabbar Ismaael (pictured), the current Minister of Oil of Iraq.*

Chapter 12: Development

The OPEC Fund for International Development provides public, private and trade sector financing, as well as grants, to support sustainable social and economic advancement across the globe. Conceived in the Algerian capital Algiers in March 1975 at the first Summit of the Sovereigns and Heads of State of the OPEC Member Countries, the Organization was established the following year.

Now a multilateral development finance institution with a global reach, the OPEC Fund seeks to strengthen infrastructure and human capacity across interrelated fields such as energy, transportation, agriculture, water and sanitation, health, and education in some 134 countries. The Vienna-based Organization continuously strives to build on its founding principle of South-South solidarity by working with low-income countries and has recently set itself the goal of maximizing its development impact in an increasingly complex and challenging development landscape.

By providing affordable development finance to countries and regions that often find funds difficult to secure, the OPEC Fund is helping solve market challenges in a market-supportive manner, while promoting cooperation with and among more vulnerable parts of our world.

The Organization's resources are comprised of voluntary contributions made by OPEC Fund Member Countries and accumulated reserves derived from decades of operation (loan repayments and investments).

All developing countries, with the exception of the OPEC Fund Member Countries, are eligible for assistance.

The early years: a unique proposition

"Nothing is particularly new about a group of countries establishing a common financial aid facility,"[1] wrote Dr Ibrahim Shihata, soon after the establishment of what is now known as the OPEC Fund for International Development. "What is new, however, is the trend towards establishing international financial facilities designed exclusively to assist non-Member Countries, with the donors standing to gain no economic return."[2]

Dr Shihata was the OPEC Fund's Director-General from the Organization's inception in 1976 until 1983. It was under his stewardship that the fledgling institution known as the OPEC Special Fund evolved into the OPEC Fund for International Development.

Even today, more than four decades on, the OPEC Fund remains unique in supporting only developing countries other than its own. It was established with an outward-looking development mandate meaning that Member Countries, undeterred by their own priorities, are required to help others in the name of reaffirming the natural solidarity that unites developing countries in their struggle to overcome underdevelopment.

Perhaps the best way to understand the initial aims of the institution is to take a look at the agreement on establishing the Fund, which is still relevant today:

The Countries, Members of the Organization of the Petroleum Exporting Countries (OPEC), on whose behalf this Agreement is signed:

Conscious of the need for solidarity among all developing countries in the establishment of the New International Economic Order, *In keeping with the spirit of the Solemn Declaration of the Sovereigns and Heads of States of the OPEC Member Countries issued in Algiers, March 1975, of promoting the economic development of all the developing countries,*

Aware of the importance of economic and financial cooperation between OPEC Member Countries and other developing countries, and of the strengthening of the collective financial institutions of developing countries,

And desirous of establishing a collective financial facility to consolidate their assistance to other developing countries, in addition to the existing bilateral and multilateral channels through which they have individually extended financial cooperation to such other countries,

Have, therefore, agreed to establish an international financial institution under the name of the 'OPEC Fund for International Development' …[3]

Responsive to needs and new challenges

The OPEC Fund started operations in August 1976 with an initial endowment of $800 million. The original agreement for its establishment reflected a concern for practical and swift decision-making. Speed, efficiency and flexibility were of the essence — the OPEC Fund made the machinery of many international organizations look slow in comparison, and its founders were particularly interested in the impact that could be made in the immediate future.

Today, OPEC Fund Member Countries are Algeria, Ecuador, Gabon, Indonesia, IR Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, the UAE and Venezuela. More than four decades old and now under the leadership of

Director-General, Dr Abdulhamid Alkhalifa, the OPEC Fund has embarked on a contemporary and even more urgent version of the same strategy of prioritizing speed, efficiency and flexibility. The Organization is constantly evolving to become more responsive to the changing needs of its partner countries and continually looks to innovate at pace to develop solutions to new development challenges.

A good example is seen in the OPEC Fund's response to today's global health crisis. As the COVID-19 pandemic unfolds, many of the OPEC Fund's developing country partners are refocusing resources to contain and mitigate its impact. The OPEC Fund quickly and decisively committed to supporting them to do precisely this. In April 2020, the Organization announced it was dedicating $1 billion to fund COVID-19 impact and recovery efforts in developing countries. The allocation is being deployed in the form of OPEC Fund public, private and trade finance loans and a robust fast-track approval process forms part of the emergency response initiative.

The OPEC Fund is also joining global efforts to address the socio-economic challenges the world is now facing. The Organization will work closely with the financial institutions of the Arab Coordination Group, with multilateral development banks, as well as with specialized agencies of the UN, to provide collective, well-coordinated and impactful development financing where it is needed most.

The Coordination Group and other important partners

By the end of 1977, following a doubling of its resources, the OPEC Fund had provided 71 loans to 58 developing countries, contributed over $435 million to the International Fund for Agricultural Development (IFAD), and had channeled sizable donations by some OPEC Fund Member Countries to the IMF Trust Fund. Similarly, the Fund represented its Member Countries in the preparations for establishing the Common Fund for Commodities (CFC) whose mandate is to help bring stability and equity to the global trade in commodities.

What has always been evident with the OPEC Fund is that partnerships have always been central to the Organization's operations. Still of utmost importance is the OPEC Fund's role in the abovementioned Coordination Group, which consists of Arab and Regional Development Institutions, the Islamic Development Bank Group and the OPEC Fund. Among its many development-related roles, the Group works to improve cooperation and development effectiveness by harmonizing the processes by which developing countries may apply for and receive financial support.

One of the Group's current and most innovative projects is the Arab Development Portal (ADP), an online multi-source and bilingual (Arabic and English) platform that offers high-quality data to improve development information and advance progress in the Arab region. The ADP was initiated by the Arab Coordination Group, which works in partnership with the UN Development Programme (UNDP) to drive the project.

Today, partnerships are more important than ever before. During 2019 alone, the OPEC Fund approved $550 million for public sector operations co-financed with other development actors. The total cost of these operations was $3.7 billion. Private sector and trade finance co-financiers in 2019 were many and varied, including the likes of the African Development Bank (ADB), the European Bank for Reconstruction and Development, the International Finance Corporation and the Korean Development Bank to name just four.

A diverse set of financing facilities: private sector and trade finance

From the outset, the OPEC Fund could extend development support in a variety of ways — no one method was given priority over the others — and loans were used for development projects and programmes, while contributions were made to other international agencies (as already described). The OPEC Fund would consolidate the assistance extended individually by Member Countries; and its resources would be additional to those made available by OPEC Member Countries through other bilateral and multilateral channels.

Another unique feature of the OPEC Fund's public sector loans is that in addition to being concessional, they are also 'untied'. Beneficiary countries have the freedom to purchase goods and services from the best possible supplier when implementing a project, for example, rather than having to use specified lender-approved providers.

During the 1990s and 2000s, in response to the changing need of developing countries across the globe, and recognizing that development was increasingly dependent on diverse sources of funding (including the private sector), the OPEC Fund introduced new ways of providing financial support to its partner countries. The establishment of a Private Sector Facility in the late 1990s meant that the OPEC Fund could begin to promote socio-economic development through financing the establishment and/or growth of productive private enterprise and encouraging the development of local capital markets.

Through its Private Sector Facility, the OPEC Fund now provides: loans to companies for projects with developmental aims that are well defined, such as to improve industrial capacity and utilities, and strengthen infrastructure;

direct equity investments or investments in private equity fund structures targeting the OPEC Fund's sectors of interest; and term loans to financial institutions for on-lending to micro-, small- and medium-sized enterprises (MSMEs) and to improve the capital base of banks.

Another example of the OPEC Fund's agility and responsiveness was seen during the 2008/09 global financial crisis, when much needed private sector operations were scaled-up. The Organization also participated in special initiatives such as the Africa Bank Capitalization Fund and the Microfinance Enhancement Initiative. Since it was established, $3.7 billion has been approved under the Private Sector Facility.

In 2006, as another complementary means for the OPEC Fund to fulfill its core mission of assisting partner countries in their socio-economic development, the Organization launched its Trade Finance Facility. Through this facility, the OPEC Fund supports private enterprises and governments by facilitating the import and export of strategic commodities and capital goods. This helps address inventory and working capital needs and improves the cross-border trade prospects of partner countries. This financing facility provides: direct financing or participation in risk-sharing programmes to support financial institutions and the growth of their international trade activities; and trade financing across the value-chain, including structured commodity finance, working capital finance and pre-export or post-import finance to private enterprises or governments. Since 2006, $4.2 billion has been approved under this facility.

The Private Sector and Trade Finance facilities have a global remit, supporting projects and companies in over 60 countries across Africa, Asia, Latin America and Europe. Financing has benefited a cumulative total of over 350,000 MSMEs, as well as trade activities through financial institution intermediaries. Via risk-sharing programmes, more than 7,000 beneficiaries and 350 issuing banks in 60 countries have also been supported. More than one-quarter of these countries are classified as low-income.

In total to the end of 2019, Private Sector and Trade Finance operations have enabled the development of more than 3.9 gigawatt (GW) of electricity capacity across multiple technologies and have supported airports with aggregate passenger numbers of 29 million *per annum,* as well as seaports and bulk terminals with vast handling capacity — all of which underpins significant amounts of international trade and supports economic growth.

At the end of 2019, the Private Sector and Trade Finance facilities had between them approved a cumulative total of nearly $8 billion. During 2019 alone, $807 million was approved through these windows (Private Sector $332 million and Trade Finance $475 million).

A global reach and sectoral focus

Rewind to the early 1980s, and the OPEC Fund had already made good progress. More than 260 loans had been extended to 79 developing countries, and its grants to several UN Specialized Agencies, international agricultural research centres and other research and scientific institutions. The Fund had clearly made its presence felt as a recognized source of international development finance.[4]

In 1981, the OPEC Fund also made its physical presence felt in Vienna, purchasing the still current headquarters building, located on Parkring in Vienna's first district. Once the residential palace of the Austrian Archduke Wilhelm Franz Karl who was Grand and German Master (1863–94) of the Order of the Teutonic Knights, it was originally built between 1864 and

1868 to the architectural design of Danish-born Theophil von Hansen. The palace became the property of the OPEC Fund in 1981 and the Organization undertook a comprehensive programme of restoration and refurbishment. All necessary technical requirements of a contemporary office building were introduced in a way that ensured the façade of the building, its courtyard and the *bel étage* maintained their original magnificent style.

Throughout the first quarter-century of its existence, the OPEC Fund filled the role of development partner to no fewer than 107 countries in Africa, Asia, Latin America and the Caribbean, and Europe. It extended loans in support of development projects and programmes, with a special focus on the social sectors, and provided grants in support of technical assistance, humanitarian aid, research and similar activities. Today, 44 years after it was inaugurated, the OPEC Fund has approved more than $25 billion for development operations across all major sectors in 134 countries.

The OPEC Fund's priorities were expressed in the choice of recipient countries and the selection of priority sectors for its project loans. Its two declared priority sectors in the early years were energy and food. Both sectors have since been adopted as priorities by many other development agencies. By giving top priority to the energy sector, many loans were extended for the development of indigenous energy resources in developing countries, emphasizing that the OPEC Fund, far from being an instrument of export promotion, is altruistic in nature. The political objective of OPEC Member Countries in helping other developing countries achieve 'energy independence' or lessen their dependence on energy imports is deemed more important than promoting oil exports to these countries.[5]

Even today, these two sectors feature strongly in the OPEC Fund's portfolio. Since inception to the end of 2019, for example, the OPEC Fund had approved $5.5 billion in 465 energy-related operations worldwide. This represents nearly one-quarter of the Organization's total approvals. Out of these approvals, around $1.2 billion supported 157 renewable energy operations in 68 countries.[6]

During the leadership of Suleiman J. Al-Herbish (2003–18) the OPEC Fund pressed the access to energy agenda. In his farewell speech, Al-Herbish told the OPEC Fund's Ministerial Council: "Our efforts — along with our friends in the international arena — have culminated in something remarkable; something that will underpin the entire sustainable development agenda to 2030 and beyond: Access to energy for all is recognized as Sustainable Development Goal 7 (SDG 7); a stand-alone goal in the United Nations Agenda 2030 for Sustainable Development."[7]

LI Yong, Director-General of the United Nations Industrial Development Organization (UNIDO) called Al-Herbish one of the world's leading advocates of energy poverty alleviation. "With Al-Herbish at the helm," he wrote in the Foreword of *Uniting against poverty: OFID's Suleiman Jasir Al-Herbish and the fight for sustainable development,* "OFID has helped its development partners deliver on issues relating to energy access, sustainability and efficiency … Our alliance was forged in our common desire to end poverty and it has been strengthened by the common conviction that access to modern energy services is a vital precondition to achieving sustainable development …"[8]

Two examples of the OPEC Fund's work in the energy sector are as follows: a $50 million private-sector term loan to support the Nachtigal Hydro Power Plant in Cameroon and two separate public sector loans amounting to $81 million for the Neelum Jhelum Hydropower Plant project in Pakistan. The Cameroon project, once in operation, will be the country's largest generator of electricity, meeting about one-third of the nation's electricity needs. In Pakistan, the OPEC Fund's finance contributes to a total project cost of $2.8 billion and the project will improve energy access in the Muzaffarabad district, populated by around 1.5 million people.

The Organization also finances smaller-scale projects in support of the rural poor. In 2018, the OPEC Fund provided a grant to support the Mlinda Foundation's efforts to improve energy access for more than 20,000 people in 41 villages in India by installing mini-grids. It also helped finance the construction of a solar smart grid to serve 500 homes and businesses with electricity in Haiti. There are many more examples of the OPEC Fund supporting off-grid energy projects such as these.

The 2030 Agenda and Sustainable Development

Today, the OPEC Fund prides itself on responding quickly to the needs of its partner countries and is committed to supporting them in making progress toward the UN 2030 Agenda and Sustainable Development. The associated Sustainable Development Goals (SDGs) provide a 'shared blueprint' to drive action to improve access to energy and address many other fundamental development issues, in addition to energy and food. The SDGs are deeply interconnected — a lack of progress on one goal hinders progress on others. While it is clear that SDG 3 on health is a priority given the COVID-19 pandemic, the current global crisis does not make other development priorities any less urgent.

Last year (2019) was overwhelmingly positive for the OPEC Fund — both in terms of the Organization's outward-facing development operations and the implementation of its new strategy. During the year, more than $1.8 billion was approved for essential industry sectors across Africa, Asia and Latin America and the Caribbean. The corresponding development operations, like thousands of those supported since 1976, are set to make a significant difference to the lives of people in many underserved communities all over the world.

Two recently approved projects demonstrate considerable continuity between the OPEC Fund of today, and that of 1976. In Nepal, the Organization is supporting a landmark hydroelectric plant through its private sector operations. Co-financed with eight other lenders, this project with a total cost of $647 million represents one of the largest foreign direct investments in the country's history. The plant is expected to increase Nepal's electricity supply by one-third and provide clean, reliable power to nine million residents. In Niger, by working with partners including the ADB, the OPEC Fund is financing a project with a total cost of $196 million that will improve food security for more than 1.4 million people by constructing and rehabilitating rural infrastructure.

So far during 2020, the OPEC Fund has continued to make good progress on the implementation of its strategic vision, to become more agile in support of its partner countries and to maximize the impact of its development. A major part of this, of course, is supporting developing countries across the world in the face of COVID-19 — and ensuring finance is available quickly to those who need it most.

At the forefront for the future

Since 1976, the Organization has approved well over $1 billion for the health sector across the developing world. In addition to financing hospitals and healthcare facilities, the OPEC Fund has the flexibility to join global efforts to fight specific challenges, as demonstrated by its response to

COVID-19. And as early as the mid-1990s, the OPEC Fund had joined the fight against HIV/AIDS when it became clear it had become a serious threat to socio-economic development.

Given its own Member Countries, the OPEC Fund often approaches development issues from a unique angle. The Organization worked with the International AIDS Society, for example, to create a forum for scientific exchange and sharing of best practices on implementing HIV programmes and research within 'conservative social settings'. In addition, in 2006, the OPEC Fund approved a grant of $3.5 million to the UN Children's Fund (UNICEF) to address the impact of HIV/AIDS on children. A joint UNICEF/OPEC Fund project was implemented to help eliminate HIV/AIDS in infants and young children.

As recently as May 2018, the OPEC Fund also provided a $1 million grant to the WHO for an initiative aimed at eliminating neglected tropical diseases in seven African countries. This grant strengthened a partnership that began nearly four decades ago when the OPEC Fund extended a $2 million grant to WHO in support of its Onchocerciasis Control Programme — one of the earliest containment initiatives targeting river blindness.

COVID-19 poses a huge challenge to economies and communities, globally. There is a risk that the resulting economic crisis will drive up poverty and vulnerability in developing countries and undo years of progress. It is the job of the development community — but also of policymakers, public and private sector decision makers, governments and the general populace — to ensure this does not happen. We are all in this together.

The OPEC Fund at more than 40 years old is underpinned by a strong balance sheet, driven by continued healthy growth in operational assets and prudent risk management. All this, of course, means more resources to focus on what it does best: supporting essential development projects across the world and responding decisively to new challenges. The UN 2030 Agenda for Sustainable Development provides the development focus at the heart of the OPEC Fund's operations. As the world faces ever more urgent challenges in the short and longer term, the Organization remains at the forefront of global efforts to create a safer, more equal and inclusive future, where no one is left behind.[9]

The OPEC Fund: A timeline

1975

- The OPEC Fund is conceived at the First OPEC Summit in Algiers, Algeria

1976

- The OPEC Special Fund starts operations with an initial endowment of $800 million
- Dr Ibrahim Shihata becomes the OPEC Fund's first Director-General (1976–83)
- First operation: support provided to Sudan in northeast Africa
- First operations in Latin America: Guatemala, Haiti and Honduras

1977

- Bangladesh is the first Asian country to benefit from OPEC Fund project financing for the construction of the Dacca International Airport

1980

- The OPEC Fund becomes a fully-fledged and permanent international development agency

1981

- Purchase of Palais Deutschmeister as headquarters building

1983

- Dr Y Seyyid Abdulai, a Nigerian national, becomes Director-General of the OPEC Fund (1983–2003)

1990

- 500th public sector loan goes to Madagascar

1993

- Albania is the first European country to benefit from OPEC Fund assistance for the construction and equipping of a new hospital in Durres

1997

- Participation in the Heavily Indebted Poor Countries (HIPC) debt-relief initiative

1998

- Establishment of the Private Sector Facility

2000

- First Private Sector financing agreement (Mauritania)

2001

- Launch of the HIV/AIDS Special Grant Account

2002

- Launch of the Special Grant Account for Palestine

2003

- Suleiman J Al-Herbish, a Saudi Arabian national, becomes Director-General of the OPEC Fund (2003–18). Prior to the OPEC Fund, he served for 14 years as the Governor of Saudi Arabia at OPEC

2004

- 1,000th public sector loan goes to Morocco

2006

- Launch of the Trade Finance Facility
- First Trade Finance Facility operation (Seychelles)

2008

- Launch of the Energy for the Poor Initiative

2012

- Revolving endowment of $1 billion is pledged by the OPEC Fund's Ministerial Council, in its June 2012 Declaration on Energy Poverty
- 1,500th public sector loan goes to Sierra Leone

2018

- Dr Abdulhamid Alkhalifa, a Saudi Arabian national, is elected Director-General at the institution's June 2018 Ministerial Council meeting and assumes his post on 1 November 2018

2019

- The OPEC Fund embarks on a new strategy to maximize its development impact
- Cumulative approvals break through the $25 billion mark

2020

- $1 billion made available to developing countries for COVID-19 impact and recovery efforts

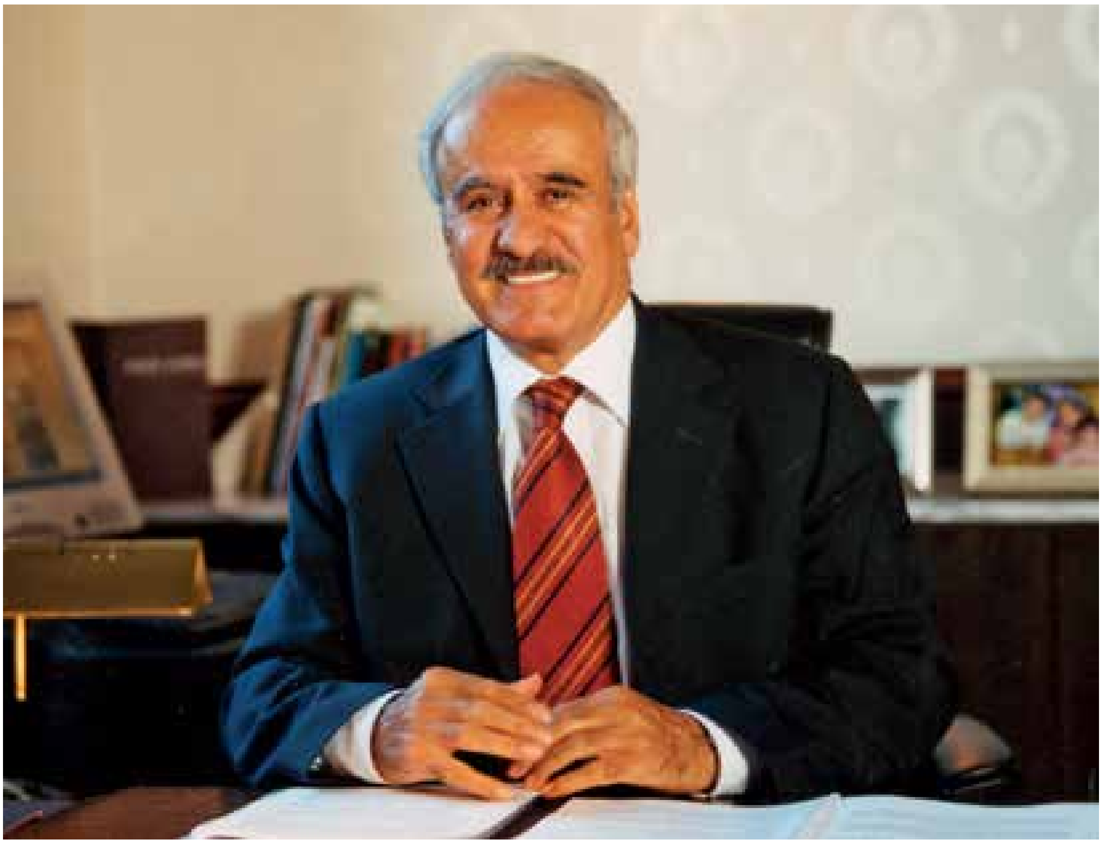
***Dr Ibrahim Shihata** was appointed as Director-General of the then OPEC Special Fund at its creation in 1976.*

*Right: From 2003–October 2018, **Suleiman J Al Herbish** held the post of the Director-General of the OPEC Fund.*

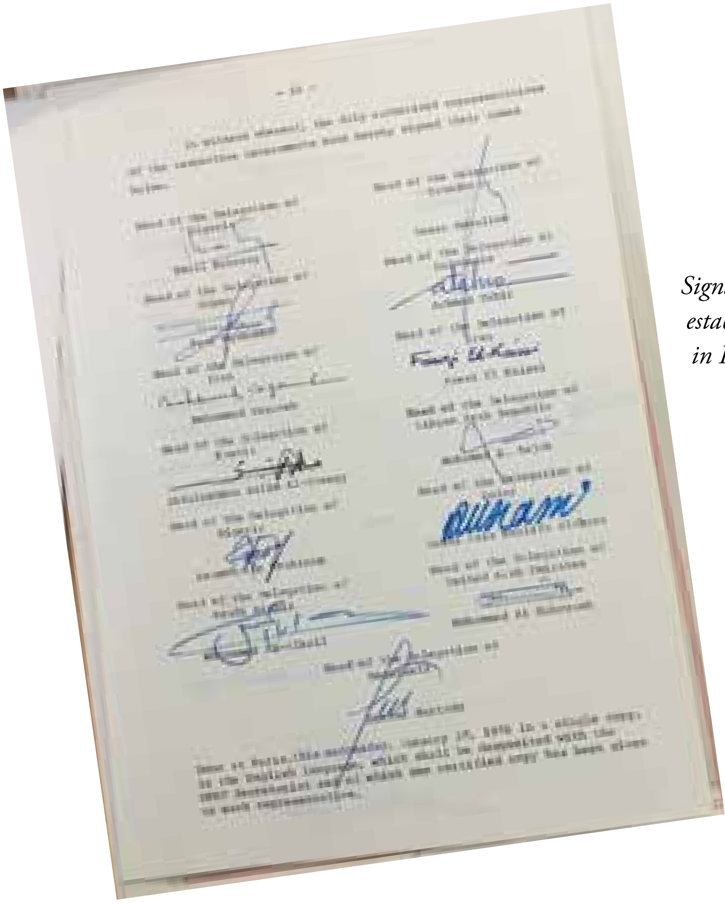
*Right below: From 1 November 2018 to date, **Dr Abdulhamid Alkhalifa** has been the Director-General of the OPEC Fund.*

*Below: From 1983–2003, the Director-General was **Dr Y Seyyid Abdulai**.*

All photographs in Chapter 12 courtesy of the OPEC Fund except those on page 310.



The OPEC Fund was conceived at the First OPEC Summit in Algiers, Algeria.



Signatories of the Agreement establishing the OPEC Special Fund in Paris, 28 January 1976.

In December 1976, Dr Mohamed Yeganeh, Iranian Minister of State and first Chairman of the Governing Board, signed the first OPEC Special Fund loan agreement with Sudan.

On 21 April 1981 the Headquarters Agreement was signed between Dr Ibrahim Shihata, Director-General of the then OPEC Special Fund; and Austria's Minister of Foreign Affairs, Willibald Pahr.

February 1983: Inauguration of the new OPEC Fund headquarters. In attendance are Austria's President, Rudolf Kirchschläger and Chancellor, Dr Bruno Kreisky.

Above and right: In 1981, the OPEC Fund purchased the still current headquarters building, located on Parkring in Vienna's first district. Once the residential palace of the Austrian Archduke Wilhelm Franz Karl who was Grand and German Master (1863–94) of the Order of the Teutonic Knights, it was originally built between 1864 and 1868, and designed by Danish-born Theophil von Hansen.

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Chapter 13: Location Matters: the Story of OPEC's Buildings

Möllwaldplatz 5 in Vienna's fourth district; Dr Karl-Lueger-Ring 10, in the first district (now known as Universitätsring); Obere Donaustrasse 93, in the second district; and Helferstorferstrasse 17 back in the city's first district.

These four addresses, like almost every address in Vienna, resound with history. However, they are especially connected by the fact that they have at one time or another all hosted the OPEC Secretariat. These buildings offer fascinating signposts of different moments in the Organization's history and the enduring special relationship between OPEC, the City of Vienna and the Republic of Austria.

Adding another intriguing layer to this history is the fact that between 1961 and 1965 the Organization called Geneva its home. Quai du Général-Guisan 12 and Avenue de Budé 35 can, therefore, be added to the list of fabled addresses. This component of OPEC's history provides insights into the evolution of the multilateral system and the legal status of international organizations with their host country.

The story of the OPEC Secretariat's buildings is a compelling one, encompassing history, architecture, urban planning, law, international relations and law enforcement. Even culture and music are important aspects of this vast tapestry.

The Geneva years

In its early years, the odds were stacked heavily against OPEC. It was a small group of developing countries trying to assert their legitimate rights against the might of the Seven Sisters, who had the backing of their own 'host countries'. This included a superpower like the US and a global power like Great Britain.

What the Organization represented was unprecedented and for OPEC to have any chance of remotely achieving its goals it would need to utilize every mechanism at its disposal. As Fabian Trinkler has written: "One major channel in order to achieve this ambitious goal was the ability to gain observatory status in multilateral bodies, preferably influential ones within the UN system or the oil committee of the OECD."[1]

In 1960/61, one city was ideally placed to help the Organization fulfil these criteria: Geneva, in neutral Switzerland. Host city of the League of Nations between the World Wars, Geneva was in 1960 one of the two main headquarters of the UN. It was also the city where the General Agreement on Tariffs and Trade was signed on 30 October 1947, and it would become the headquarters of the UN Conference on Trade and Development (UNCTAD). Therefore, as Trinkler has shown: "Its large community of diplomats and government representatives promised significant network and lobby opportunities."[2]

Participation in such committees within the multilateral system for an aspiring intergovernmental organization was dependent on having a 'Headquarters Agreement' with the relevant host country, thereby conferring the Organization with an appropriate level of legitimacy, and crucially the accompanying immunities and diplomatic privileges. The pursuit of such an agreement remained very high in OPEC's order of business during its first five years.

However, the Organization faced opposition from the outset, and powerful interests were determined to prevent OPEC acquiring that level of necessary legitimation. As Trinkler has convincingly shown through extensive analysis of British diplomatic correspondence and Swiss Federal archives, "at least three host countries (Great Britain/the US/the Netherlands) of the Seven Sisters and a part of the private oil industry itself have employed a strategy of neutral non-recognition towards OPEC. The goal was to minimize the influence of OPEC by negating its official existence without expressing open hostility."[3]

Switzerland was, at that time, completely dependent on a stable and cheap flow of oil stemming from the framework of the Seven Sisters to meet its energy needs. Any change to this system, which OPEC was perceived as representing, was thought of as challenges to the economic well-being of the state.[4] This became the crux of the Swiss position on OPEC. Indeed as early as 1960, Swiss officials in their correspondence with representatives from Member Countries and OPEC Secretary General, Dr Fuad Rouhani, tried to discourage OPEC from establishing premises in Geneva.[5]

Despite this position at a Federal Level, the Canton of Geneva provided Dr Rouhani with permission to set up an office there. This seems to be due to a breakdown in communication between the Swiss Office of International Organizations (OIO/Abteilung für Internationale Organisationen) and the Canton of Geneva.[6] Faced with the reality of the situation on the ground, Switzerland's policy, supported by the Seven Sisters, evolved into allowing OPEC to have a physical presence in Geneva, but maintain its informal status and not grant it a 'Headquarters Agreement'.

Dr Rouhani told the *OPEC Bulletin* in an interview in July 1990: "When I arrived in Geneva early in 1961 we had no office and I sat in the Venezuelan

Consulate and I used the Consul's office for about a month, while conducting my negotiations with the Swiss government. I went to Bern, I spoke to the Ministry of Foreign Affairs and they accepted that OPEC should start its Secretariat in Geneva.

"But they said that they would not extend to the Organization full diplomatic immunity, because at that time they had a great deal of difficulty with regard to the question of immunity as applying to the organizations of the United Nations and other organizations.

"All we required from them was, first of all, protection of our establishment, the archives, and the offices of the Secretariat being recognized as an international establishment. I also needed authority to be able to bring in, at that time, I figured just offhand, 40 employees from among the Member Countries, without any conditions being set."[7]

However, as Dr Rouhani pointed out, at the various OPEC meetings held during his term as Secretary General, the question continued to come up as to why the Organization could not have full diplomatic immunity.

"It was insisted that OPEC, as an organization, must have full immunity and privileges and it was because of that, that the year I left, discussions began with the Austrian Government over the host agreement from Austria," he said.[8]

Vienna

At a time when Switzerland was being cautious about which international organizations it would sign 'Headquarter Agreements' with, in its 'Nachbarland', Austria, developments were underway that would have profound consequences for OPEC. Following the collective traumas the country had experienced between 1938 and 1945, as well as ten years of occupation by the Allied powers, Austria was seeking to carve out a new role and image for itself on the international arena.[9]

On 26 October 1955, the Austrian parliament issued its 'Declaration of Neutrality', as a constitutional act of parliament that became embedded in the Austrian Constitution. Over time, permanent neutrality also became an integral part of the Austrian national identity. Thereafter, successive Austrian Governments, led by both the Österreichische Volkspartei and Sozialistische Partei Österreichs, sought to promote the image of Austria, particularly the City of Vienna, as an international hub, a meeting point between East and West, the premier venue for major international events and the seat of international organizations.

"They were a neutral state like Switzerland and Sweden. It was the cleverness of the foreign ministry to turn this into a positive thing," affirms Djemal Berrouka, former Head of Protocol in the Office of the OPEC Secretary General. Austria had the required conditions to turn Vienna into an international centre. "It qualified to be a UN international centre, especially under Kreisky ... there was good policy." Kreisky saw Vienna as a connecting point between east and west.[10]

A first, tentative step in this regard came in October 1957, when the delegates to the First General Conference of the International Atomic Energy Agency (IAEA) decided to establish the IAEA's headquarters in Vienna. Until the opening of the Vienna International Centre in August 1979, the old Grand Hotel next to the Vienna Opera House served as the Agency's temporary headquarters.[11] An interesting aside to this point is that when OPEC first moved to Vienna, for a brief period of time it also ‘set up shop’ in a hotel, ‘Room 1143’ of the Intercontinental Hotel in the third district.

The rehabilitation of Austria’s image as an international hub gained further momentum in 1961. As Eric Frey has argued: “Vienna’s role as an East-West international meeting place was firmly established through the summit between Soviet leader Nikita Khrushchev and the newly elected US President John F Kennedy on 3 and 4 June 1961, only the second meeting between the leaders of the two superpowers since the outbreak of the Cold War and the first one on neutral ground. According to various reports, the two administrations also considered Stockholm, Oslo, Helsinki, and Geneva as meeting places. Kennedy voiced a clear preference for Vienna, which Khrushchev accepted, in a gesture of support for Austria’s policy of neutrality.”[12]

The significance of this meeting cannot be overstated, as Frey has shown: “The summit was the crucible for the country’s ambition to become an international meeting place.”[13] No less significant was the side programme of cultural events for the attendees. A robust schedule of cultural activities would also become synonymous with Vienna’s international reputation in subsequent decades. Frey describes it in the following way: “Most importantly, the television pictures from the summit itself, the banquet and subsequent concert in the Schönbrunn Palace and the lady’s programme for Jacqueline Kennedy and Nina Khrushcheva showed a glorious and peaceful city with an impressive cultural heritage.

“The enthusiastic reports in the Austrian press about Vienna’s successful debut on the global stage indicated both a growing sentiment of national solidarity that appeared capable of overcoming the long-standing rancor between the ‘waterhead’ Vienna and the rest of the country and also the birth of the belief that the policy of neutrality, and the international respect for this policy choice, could form the basis of a new national identity."[14]

By 1965, the project to further consolidate Vienna's credentials as an international centre was 'full steam ahead'. It was also a particular priority for the Foreign Minister Bruno Kreisky.[15] With OPEC in need of a 'Headquarters Agreement', Austria and OPEC were perfect partners. The timing was extremely propitious.

In April 1965, OPEC decided to move its Secretariat to Vienna. On 1 September 1965, former Austrian Foreign Minister, Dr Bruno Kreisky and Dr Ashraf Lutfi, OPEC Secretary General, signed the Agreement between the Government of Austria and OPEC.

That same month, OPEC became only the second international organization after the IAEA to establish itself in the city. Remarkably, at the time of this writing in 2020, that number has ballooned to over 40 international organizations that are proud to call Vienna home. Several of these international organizations focus on energy issues and in 2009, the Vienna Energy Club was established. It offers a platform for an exchange of views and discussions for the Vienna-based international organizations focused on energy issues.

For OPEC, the decision to move to Vienna proved a judicious one. The Organization obtained an immense level of legitimacy through its Headquarters Agreement with Austria. Almost immediately, OPEC became more involved with the UN through the Economic and Social Council (ECOSOC) and UNCTAD.[16] OPEC formalized relations with the ECOSOC under Resolution 1053, adopted on July 30, 1965.[17] OPEC also became intensively involved with UNCTAD after 1965.[18]

Möllwaldplatz 5

Kreisky was eager to raise the international profile of Vienna following the events of the first half of the twentieth century. As Garavini has stated: "The Austrian Government recognized the extraterritoriality of the OPEC headquarters, granted immunity to its property, archives, internal communications, and extended to its officials the same privileges and immunities as those enjoyed by diplomats of a comparable rank."[19]

The Secretariat's first real address was in Vienna's fourth district, Möllwaldplatz 5. Möllwaldplatz sits adjacent to Favoritenstrasse, which is the location of the Diplomatic Academy, a wing of the same building housing the famous Theresianum, a private day and boarding school. The fact that OPEC was originally located so close to the Diplomatic Academy is not without significance and represents how the rising status of Austria's diplomatic service coincided with OPEC's residence in the city.

On 1 June 1964, Kreisky signed the document establishing the new Diplomatic Academy. On 11 January 1965, following extensive repairs, the Consular Wing of the Theresianum, which had been damaged during the Second World War, welcomed the first contingent of students in the diploma programme.[20] This marked an important development in the return of Austria to the international community, as well as preparing a professional diplomatic staff.

Successive generations of Austrian diplomats have trained at the Diplomatic Academy, which has made it one of Europe's and the world's leading centres of excellence in international studies. The Academy has also fostered strong relations with the community of international organizations in Vienna, including OPEC. These bonds have been an important component in the regular liaison between OPEC and the Ministry of International and European Affairs.

Universitätsring 10

As the Secretariat grew in size, larger premises were sought. On 1 February 1967, the Secretariat moved to the more commodious premises at Dr Karl Lueger-Ring 10 in the central first district, where it would remain for a decade. To locals in Vienna, this became known as 'das OPEC-Haus' or 'OPEC-Gebäude'. To others, it was known simply as the 'Texaco Building' as the oil company Texaco shared the premises. OPEC was located on the first and second floors.

Universitätsring itself presents almost a microcosm of the history of Vienna. During the Middle Ages, the area ran along the border between the suburbs and the Schottentor.[21] Until the 1860s, it was part of the fortifications of Vienna, erected in aid of the city's defense. As the fortification became obsolete with the prospect of an invasion of Vienna receding in the nineteenth century, Emperor Franz Joseph I issued a decree ordering the demolition of walls and moats, and the construction of an impressive boulevard to showcase the strength and glory of the Empire.[22]

A vivid description of this process comes from the seminal work by Edmund de Waal in his book, *The Hare with the Amber Eyes.*

"The Emperor Franz Josef had ordered a modern metropolis to be created around Vienna. The old medieval city walls were to be demolished, the old moats filled in and a great arc of new buildings, a city hall, a Parliament, an opera house, a theatre, museums and a university constructed. This Ring would have its back to the old city and would look out into the future. It would be a ring around Vienna of civic and cultural magnificence, an Athens, an ideal efflorescence of Prachtbauen-buildings splendor."[23]

It was a time of intensive building and expressions of civic pride. Building lots along the Ring were sold to the expanding class of financers and industrialists.[24] This was a time of great boom in the financial and banking sectors across the Habsburg Empire.

In 1870, the portion of the 'Ring Road' then known as Franzensring was opened. On 6 November 1919, this was renamed 'Ring des 12. November', to commemorate the date of the founding of the First Austrian Republic. From 27 April 1934, this became Dr Karl Lueger Ring, named after a mayor of Vienna from the nineteenth century. This was the name of the street during OPEC's ten years there between 1967 and 1977. On 5 June 2012, the Gemeinderatsausschuss für Kultur und Wissenschaft decided to rename this portion of the road Universitätsring.[25]

In 1872/1873, the architect Theophil Hansen built the Palais Ephrussi for Ignaz Ritter von Ephrussi, the patriarch of a leading Viennese banking family. The Palais would be situated at what is now Universitätsring 14. The buildings that are currently located at Universitätsring 10 (where the OPEC building would be) and 12 were also designed to match the style of the Palais Ephrussi, meaning that the entire complex was a holistic, impressive, multi-faceted building complex.[26]

In 1938, following the Anschluss between Nazi Germany and Austria, the Ephrussi family were stripped of their property and their possessions.[27] During this period, the Nazi war criminal, Alfred Rosenberg, used the Palais Ephrussi as his offices.[28] Following the liberation of Vienna in 1945, the building became offices of the US occupying authorities: the American Headquarters/Legal Council Property Control subsection.[29]

During the war, the building that would become OPEC-Haus was severely damaged by a bomb and had to be rebuilt as a 'Neubau'.[30] Constructed by the architect, Carl Appel, and erected from 1965–67, the building at Universitätsring 10 was originally intended to be the headquarters of Österreichische Realitäten AG, a property services company which has been operational in Vienna since 1871.[31]

In February 1967, the OPEC Secretariat moved into Universitätsring 10. A significant moment in the Organization's history came in 1969, when a competition to design a logo for the Organization was held. An Austrian designer, Gertrude Svoboda, won the competition, with her design combining the different letters of the Organization's name in a rounded design.[32] In 2005, she was interviewed in a special edition of the *OPEC Bulletin* marking 40 years of OPEC's presence in Vienna.

Tragically, it was at this location that the darkest chapter in the Organization's history took place. The 46th Meeting of the OPEC Conference, which began on 20 December 1975, came to an abrupt halt the following day, 21 December 1975. The foremost expert on this infamous attack, Thomas Riegler, has described the events in the following way: "Six gunmen under the command of the 26-year-old Venezuelan Ilich Ramirez Sanchez (better known as Carlos) took 62 people hostage, among them 11 oil ministers.

"There were three casualties: one Austrian policeman, an Iraqi bodyguard and a Libyan delegate. Austrian Chancellor Bruno Kreisky struck a deal, which allowed the terrorists to leave by plane to Algiers and take 33 hostages (including oil ministers) with them. After a harrowing back and forth flight between Algiers and Tripoli, the remaining hostages were released on 23 December 1975."[33]

The Organization needed premises with more enhanced security and for this reason, following an Agreement with the Austrian Government, it moved to Obere Donaustrasse 93 in 1977.[34]

Obere Donaustrasse 93

In March 1977, the Secretariat relocated to Obere Donaustrasse 93. To date, the Organization has called this location home for the longest period of time — 33 years.[35] Similar to Universitätsring, this address had a fascinating history prior to OPEC's arrival.

Obere Donaustrasse 93 was erected on the site of the Dianabad, a famous swimming pool with a long and storied history.[36] The first Dianabad was built in 1808 by the architect, Jean Charles de Moreau, and was opened to the public in 1810. Between 1841 and 1843, the architects, Ludwig Ritter von Förster und Karl von Etzel, created a covered swimming pool, which was entirely novel in Europe at that time. Coincidentally, Förster had also been involved in the construction of the original building where OPEC would later be housed at Universitätsring 10.

Over subsequent decades in the nineteenth century, the components and dimensions of the Dianabad were expanded and new innovations developed. The dimensions were modelled on the classical Roman baths of antiquity. In 1873, there was a further expansion of the baths by legendary architect Otto Wagner.

In order to ensure that the baths could be utilized throughout the entire year and not only in the warm summer months, in 1860, a floor across the bath was built, meaning it could be used as a dancehall. It became known as the 'Dianasaal' and on 12 November 1860 it was opened to the public with a composition known as the 'Diana-Polka' prepared by Josef Strauss, one of the sons of the famous Johann Strauss. It was here, on the 15 February 1867, that the most famous waltz of all-time was played in public for the first time. That evening, to a meeting of the 'Vienna Men's Choral Association', '*An der schönen blauen Donau'* by Johann Strauss II was played. A commemorative plaque at Obere Donaustrasse 95 marks this historic event.

The version of the composition performed on that first day used different lyrics to the famous version we know today, and stunningly, according to media reports of the time, was not immediately considered a success. It was not until an orchestral version was played at the Great Exhibition in Paris in 1867 that it became a proverbial hit. The Choral Association's poet, Joeph Weyl, continued to modify the lyrics.

In 1917, the second Dianabad was opened, after a complete new build and remodeling of the baths. In addition to two swimming pools, it now included steam and tub baths, a health resort, shops, launderette, a restaurant and a hotel that encompassed the entire street on Obere Donaustrasse.

The hotel was severely damaged during the Second World War. The complex was temporarily restored and eventually in 1965/66, the ruins of the hotel were demolished. The plot was used to build a new, albeit smaller Dianabad; the IBM Zentrum; and what would become the OPEC building. The third Dianabad opened in 1974 and the current fourth iteration of the Dianabad in 2000.

An edition of the *OPEC Bulletin* in 2009 described several of the fundamental features of the interior and exterior of the OPEC offices at Obere Donaustrasse: "The three-story concrete structure lost its relative anonymity in 1994, when cosmetic changes were made to its original featureless appearance. For the first time, the word 'OPEC' (twice) and the corporate logo appeared prominently on the outside of the building, in a bold blue design on the roof. This was part of a new frontal elevation, which also comprised a steel and glass portico in the form of a cresting wave, complimented by blue-steel vertical ribbing, running around the sides of the building. It is understood that the portico represented the canopy above an oil rig, while the ribbing symbolized oil pipelines.

"A circular fountain was installed at the front of the building shortly after, and the water running down from the top of this depicted the distribution of oil around the world. At the same time, a remodeling of the entrance area resulted in a spacious new lobby, and this was soon dominated by the installation of a large frieze, carved from solid blocks of teak and donated by the Indonesian Government. The theme of the impressive five-metre-long, 2.5-metre-high work of art, which took three Balinese craftsmen three months to complete, before it was flown to Austria, is a scene from the Great Epic of Bharata. It was unveiled by Abdalla Salem El-Badri in 1994, in his then-capacity as OPEC Conference President and Secretary of the Libyan People's Committee of Energy."[37] This frieze is currently located in the library at the OPEC's headquarters at Helferstorferstrasse.

OPEC's 33-year presence at Obere Donaustrasse has left a lasting legacy on the street. In 2003, Venezuela donated as a gift to the City of Vienna, the bronze sculpture called 'Mano Mineral'. It was a work of the famed Venezuelan artist, Pául del Rio.[38] The sculpture symbolizes the friendship between Venezuela and the City of Vienna, as well as the notion that art can promote understanding and cooperation among all peoples. The sculpture was originally unveiled at the second OPEC Summit in Caracas on 26–28 September 2000. The sculpture remains on Obere Donaustrasse to this day, opposite the site of the old building.

Helferstorferstraße 17[39]

On 17 March 2010, OPEC's move to its newest and current premises was marked in a never-to-be-forgotten ceremony at Helferstorferstrasse 17, a return for the Organization to Vienna's historic first district.[40] Secretariat staff had already moved to the new premises on 30 November 2009, but it was in March that the event was marked formally. The ceremony was attended by many dignitaries and high-level officials, including Austria's Minister for European and International Affairs, Dr Michael Spindelegger, on behalf of the host government, while the City of Vienna was represented by its Mayor and Governor, Dr Michael Häupl.

The change meant that the open view of the banks of the Danube Canal as it arced its way round the northern edge of the first district was replaced by the more confined, but equally appealing prospect of the city's historic centre. OPEC's current headquarters stands proudly between the old red-brick building that once housed Vienna's stock exchange, the Wiener Börse, and the modern, dark-glass paneled edifice that is home to the University of Vienna's law school. OPEC is also a proud neighbour of the House of the European Union in Vienna, which stands adjacent to the Secretariat.

The Wiener Börse has been an integral part of the city's history. It is one of the oldest, most distinguished exchanges in Eastern and South-Eastern Europe. The original Vienna Stock Exchange was founded in 1771 by Empress Maria Theresa. Operating out of various locations, the Exchange eventually found a temporary home in Palais Ferstel in 1855. The historic Palais is now a popular special events location and hosts the world-renowned Café Central.

Years later, the Exchange found new and bigger premises in the stately building just opposite OPEC's current headquarters. Constructed in 1877, it remained home to the Exchange for 120 years — until it moved yet again to more modern premises. It is worth noting that this neoclassical building opposite the Secretariat was designed by the Danish architect, Theophil von Hansen. He designed another notable building in the first district of Vienna: the residential palace of Austrian Archduke Wilhelm Franz Karl, located along the Ringstrasse. That particular building now serves as the headquarters for OPEC's sister organization, the OPEC Fund for International Development.

Intertwined histories

In a very tangible form, the buildings that the Secretariat has occupied demonstrate how the history of Austria and OPEC intertwine. The buildings have been situated in locations that played prominent roles in some of the brightest and darkest moments of the nation's past. In turn, many of the critical events in OPEC's history were significant for Austria's history too. In this way, OPEC has made its own imprint on the Second Republic.

The relationship between OPEC and Austria has undoubtedly been mutually beneficial. The Organization has enjoyed decades of Austrian hospitality, and as the *OPEC Bulletin* states in its commemorative edition marking the 50-year anniversary of OPEC being in Vienna in 2015: "The advantages OPEC gains from being in Vienna are immeasurable. One of the most important aspects for any successful operation is to be able to work and prosper in a functional, creative and enabling environment. In this regard, what Austria and Vienna offer is second to none.

"The fact the capital is regularly voted as the top city in the world for 'livability' speaks volumes. It is also a cultural haven and blessed with so many amenities. This, in turn, creates the perfect conditions for the Organization to conduct its business in, business that is invariably challenging. At all times, OPEC is aware of the level of professionalism and care attached to it being in Vienna. There is a real sense of belonging."[41]

Between 1961 and 1965 the Organization called Geneva its home. ***Avenue de Budé 35*** *in the Swiss city can, therefore, be added to the list of fabled OPEC addresses.*

The Secretariat's first real address was in Vienna's fourth district, ***Möllwaldplatz 5****.*

On 1 February 1967, the Secretariat moved to the more commodious premises at ***Dr Karl Lueger-Ring 10****, which was later renamed Universitätsring, in Vienna's central first district. The building at Universitätsring 10 was originally part of a collective ensemble of buildings that included the historic Palais Ephrussi. The building that would later become OPEC's home was destroyed during the Second World War. The new building was erected in the mid-1960s.*

In March 1977, the Secretariat relocated to its new address of ***Obere Donaustrasse 93****. To date, the Organization has called this location home for the longest period of time — 33 years.*

Obere Donaustrasse 93 *was once part of the 'Altes Dianabad'. It was in this location, in 1867, that Strauss's iconic 'An der schönen blauen Donau' debuted. This is one of the many links between the buildings where the OPEC Secretariat has resided and the fascinating history of Vienna.*

On 17 March 2010, OPEC inaugurated its newest and current premises at ***Helferstorferstrasse 17****.*

Chapter 14: OPEC and Environmental Issues

Since the First Earth Summit in Stockholm in 1972, environmental issues have garnered increasing international attention. OPEC, an international organization comprised of a group of developing countries, has given the highest priority to matters concerning climate change, as evidently reflected in a press release, dated 27 June 1972, at the 29th Meeting of the OPEC Conference.[1]

In the ensuing years, the challenge of global warming became ever more prominent in the policymaking agenda and the 1992 Earth Summit in Rio de Janeiro laid the foundation of climate change diplomacy. With the objective to facilitate Member Countries engagement in the UN climate process, OPEC Ministers agreed at the 88th Meeting of the Conference convened in December 1990 to "coordinate and strengthen the participation by OPEC Member Countries on environmental issues."[2]

In this context, Dr Celestino Armas, the President of the 90th Meeting of the OPEC Conference held in November 1991, further stated in his opening address that "it is vital that the concerns and interests of the developing world receive a proper hearing at (the Earth Summit). OPEC … (can) seek a fair and integrated approach to these international negotiations, which must be realistic, comprehensive, balanced and without infringement on the sovereignty of any nation. The three basic principles of economic advancement, energy development and environmental protection must be embodied in the final results."[3]

An OPEC Seminar on the Environment was also held in April 1992, just prior to the Earth Summit in Rio de Janeiro, with participating countries expressing a willingness to cooperate with developed countries and the scientific community in supporting further research on global warming. The meeting noted "the relationship between poverty and environmental degradation in the developing countries, and the need for adequate transfer of financial resources and appropriate technology to these countries."[4]

The UN Framework Convention of Climate Change (UNFCCC) entered into force two years later in 1994, and the first Conference of the Parties (COP1) took place in 1995 in Berlin, with Germany's Angela Merkel as the chair. This launched climate negotiations on a protocol to the Convention, bringing together signatory Parties into a common cause to combat climate change.

OPEC and its Member Countries have "from the inception of the climate change debate and negotiations taken an active part, due to our concern for the safeguard of the global environment,"[5] said Dr Lukman, OPEC Secretary General, at COP6 in The Hague in November 2000. All OPEC Member Countries have become signatories to the Convention.

As stipulated in the outcome document of COP1,[6] OPEC was among the first intergovernmental organizations admitted as observers to the Conference. Attending these annual summits on climate change, the Organization is fulfilling its mandate articulated in the OPEC Statute to contribute to "the coordination of … Member Countries in international negotiations."[7]

The three Solemn Declarations adopted at the OPEC Summits of Heads of State and Goverenment also underscore the prominence of the environment as an area of focus of the Organization's principles that guide its work. In the Solemn Declaration of the Second OPEC Summit in 2000 in Caracas, OPEC asserted its "association with the universal concern for the well-being of the global environment, and its readiness to continue to participate effectively in the global environmental debate and negotiations, including the (UNFCCC) and the Kyoto Protocol."[8]

Three guiding themes were further stipulated at the Third OPEC Summit, in 2007 in Riyadh; namely, 'Stability of global energy markets', 'Energy for sustainable development', and 'Energy and environment'. The Third Solemn Declaration states that Member Countries "share the international community's concern that climate change is a long-term challenge,"[9] and agree to "continue to collaborate with the international community in addressing the issues and challenges in a comprehensive, equitable and effective manner."[10]

Concurrently, the Organization and its Member Countries have participated in every COP — including COP3, in 1997, that founded the basis for the 1997 Kyoto Protocol, and the later COP21, in 2015, which concluded with the adoption of the Paris Agreement.

Engaging in the UN climate process

OPEC has proactively participated in climate negotiations over the last 25 years. The Organization has implemented a number of activities such as:

– making statements during COP plenary sessions (as stipulated, for example, in the outcome document of COP2 in 1996 in Geneva[11]);

– delivering statements at the high-level segment of the COP (such as COP4, COP5, COP6, etc[12]);

– convening coordination meetings for Member Countries during the negotiation sessions (as early as COP2 in 1996 in Geneva,[13] COP3 in 1997 in Kyoto,[14] and COP4 in 1998 in Buenos Aires,[15] the summits' daily programme provides evidence on this activity);

– making submissions of information and views to the UNFCCC Secretariat where appropriate, such as:
  - a submission on the 'Review process of the Financial Mechanism'[16] in July 1997;
  - a submission on 'Economic and social consequences of response measures'[17] in October 2011;
  - the Organization's input to the 'Talanoa Dialogue'[18] in October 2018;
  - a submission on 'the workplan of the forum on the impact of the implementation of response measures and its Katowice Committee of Experts'[19] in April 2019.

– delivering presentations in technical workshops and mandated events of the UNFCCC, such as for example:
  - the UNFCCC Workshop on 'Cleaner or Less Greenhouse Gas-Emitting Energy', in May 2002 in Whistler;[20]
  - the UNFCCC Workshop on 'Economic Diversification', in October 2003 in Tehran;[21]
  - a pre-sessional Expert Meeting on 'Economic Diversification', in May 2006 in Bonn;[22]
  - the AWG-KP Workshop on 'Potential Consequences', in March 2009 in Bonn;[23]
  - the joint SB forum on the 'Impact of the Implementation of Response Measures', in December 2011 in Durban;[24]
  - the 'Response Measure Forum: In-forum Workshop', in November 2012 in Doha;[25]

- the 'In-Forum Workshop on Assessment and Analysis of Impacts of Response Measures', in June 2013 in Bonn.[26]

– participating in various high-level roundtables, as well as holding press conferences and attending various side-events organized during the climate talks, including:
  - an OPEC press conference on the WOO at COP22, in November 2016 in Marrakesh;
  - participation by the OPEC Secretary General in a high-level event on a 'Sustainable economic transition and economic diversification', at COP22, in November 2016 in Marrakesh;
  - participation by the OPEC Secretary General in the high-level ministerial roundtables of the 'Talanoa Dialogue', at COP24, in December 2018 in Katowice.

Through these activities, OPEC has expressed its views and positions on a range of issues considered in climate change negotiations and has provided a platform of cooperation for its Member Countries; that is a group of energy-exporting developing countries characterized by their wide heterogeneity and their relatively small delegations attending UN climate negotiations. OPEC Member Countries, with their diverse economies, are from three of the five regional groups of the UN — namely, African States, Asian States, and Latin American and the Caribbean States.

Various Party groupings have been established for climate negotiations, with OPEC Member Countries having worked together in the UN climate process both as a single group and as members of other negotiation groups, including the African Group, the Arab States, the Like-Minded Developing Countries, the Coalition for Rainforest Nations and the Bolivarian Alliance for the Peoples of our America, as well as the group of 77 (the G77 and China group) that is currently composed of 134 developing countries.

OPEC Member Countries have held the chair of the G77 and China group in various years, including Indonesia (1998), Nigeria (2000), IR Iran (2001), Venezuela (2002), Qatar (2004), Algeria (2012), and Ecuador (2017). In addition, one OPEC Member Country at the time has presided over a COP. Qatar hosted COP18 in 2012 in Doha.

OPEC Member Country representatives have also been appointed members of the bureau and constituted bodies of the Convention, as well as of the Kyoto Protocol and Paris Agreement. They have acted as chairs and vice-chairs of various UNFCCC bodies, coordinators of regional groups, rapporteurs of constituencies, facilitators of consultations and negotiation sessions, members and chairs of various committees,[27] as well as members of boards operating under the UNFCCC.[28]

To assist Member Country representatives in their engagement in negotiation sessions, OPEC has provided a platform for coordination in assisting them to arrive at unified positions. *Ad hoc* advice and technical support has also been granted to Member Country delegates through constructive participation in negotiation sessions. In addition, OPEC has undertaken comprehensive research analyses, with the aim to increase awareness about issues of importance to the collective interest of its Member Countries.

To this end, OPEC has a dedicated research team within the Research Division of the Secretariat, the Environmental Matters Unit (EMU), whose activities are focusing on both quantitative and qualitative analyses of issues in regard to energy, climate change and sustainable development.

EMU provides policy-relevant research outcomes, closely reviewing recent developments, as well as the latest opportunities and challenges arising from international climate change negotiations and actions implemented, focusing on sustainable development and the attainment of the SDGs (the Sustainable Development Goals of the 2030 Agenda). It also produces a number of research studies, reports and briefing notes to provide Member Countries, along with their officials and negotiators, with an extensive understanding of issues of great importance and relevance.

In addition to research, EMU also organizes a number of coordination meetings and technical workshops for Member Countries, aiming to provide a valuable platform for discussion and comparing notes on climate-related issues as they arise, as well as on sustainable development matters. So far, the unit has organized a total of 17 coordination meetings at the Secretariat headquarters, and a number of technical workshops that focus on issues such as climate finance and the implementation of the Paris Agreement.[29] The key objectives of these events are developing a knowledge network, providing platforms for dialogue and identifying research topics for future studies and reports.

EMU's research priorities are aligned with the objectives and targets of OPEC's Medium-Term Programmes, as well as with the core challenges of the OPEC LTS. EMU's activities are implemented in a dynamic and flexible manner to account for potential needs, as well as new and emerging developments, reflecting also the guidance, requests and recommendations given by OPEC decision-making bodies.

Collaborating with the UNFCCC Secretariat

OPEC's efforts to confront climate change include a deepening and expanding relationship with the UNFCCC Secretariat over the past few years. In addition to bilateral meetings of the OPEC Secretary General with the Executive Secretary of the UNFCCC, representatives of the UNFCCC Secretariat have attended OPEC International Seminars and other high-level events and technical workshops to exchange views with regard to climate change and sustainable development.

In this context, the Executive Secretary of the UNFCCC, Yvo de Boer, attended the Third OPEC Summit, in November 2007 in Riyadh, stating that OPEC is part of the solution, not part of the climate change problem. "International action on climate is a war on emissions, not against oil," he said, addressing the Ministers of OPEC Member Countries.[30] The Intergovernmental Panel on Climate Change (IPCC) has identified carbon dioxide (CO_2) capture and storage as one of the most promising technologies for the rapid reduction of global emissions. OPEC Member Countries have an important role to play in investing in research and development of clean sources of energy, he argued.[31]

A few years later, at the 5th OPEC International Seminar, in June 2012 in Vienna, Christiana Figueres, the Executive Secretary of the UNFCCC, stressed that even with successful climate change mitigation policies in place, oil will undoubtedly remain a predominant fuel in the world's primary energy mix.[32] "Fighting climate change does not mean fighting oil and gas. Fighting climate change means fighting unnecessary greenhouse gas (GHG) emissions," she stated.

As per a joint press release[33] issued on the occasion of an official OPEC visit to the UNFCCC Secretariat, in October 2016, Mohammad Sanusi Barkindo, OPEC Secretary General — a veteran of the UN process on climate change negotiations, who has been involved since their inception — and Patricia Espinosa, Executive Secretary of the UNFCCC, agreed that enhancement of cooperation between the two organizations is beneficial, considering the importance of inclusiveness and participation by all actors involved in implementing the Paris Agreement. The key role of oil in economic development and the right of developing countries to develop was stressed. In this regard, OPEC's efforts towards sustainable market stability were recognized as contributing to a healthy global economy and the implementation of the UN Convention and the Paris Agreement, as well as the transition to a low-emission economy.

Many of these principles were further emphasized by Espinosa at the 7th OPEC International Seminar, in June 2018 in Vienna, when she underlined the important role oil has played in the development of humankind. "It's an important one. We recognize the central role the oil and gas industry has played — and continues to play — in the lives of people everywhere. It has fueled our greatest achievements and helped us surpass our greatest challenges. It has created jobs for millions throughout the world and raised its standard of living. It has helped build our cities, communities and infrastructure."[34]

OPEC shares a similar view, with Barkindo stating at COP24, in December 2018 in Katowice: "Let me begin by stating unequivocally: the oil industry must be part of the solution to the climate change challenge … The scale of the challenge means that no single energy source is a panacea; nor can the contribution of an entire industry or group of countries be overlooked. This is not a race to renewables alone; it's a race to lower greenhouse gas emissions."[35]

The Convention

Since 1990, when the UN General Assembly negotiations on a framework convention began and the first meeting of the Intergovernmental Negotiation Committee took place in 1991, OPEC and its Member Countries have launched themselves into the process of climate change negotiations with the clear view that as developing countries they are impacted — often severely — by climate change, and at the same time impacted negatively by some of the policy measures undertaken by developed countries in mitigating the effects of climate change.

As highlighted by Dr Subroto, OPEC Secretary General, in April 1994: "We have a legitimate interest in ensuring that environmental measures which are taken around the world are not only effective, but also well intended, being based on accepted principles and uniformly fair to all parties."[36]

The adopted Convention, which entered into force in 1994, recognizes the specific needs and special circumstances of developing countries, especially those that are particularly vulnerable to the adverse effects of climate change. It calls on developed countries, listed as Annex I Parties, to lead the way in implementing measures to mitigate climate change. It also aims to help developing countries reduce emissions in ways that will not hinder their economic progress. Recognizing the need to adapt to the impacts of climate change, the Convention further established a financial mechanism to provide support to developing countries to assist them in their climate change actions.

OPEC Member Countries' concerns have been reflected in the Convention (Article 4.8), as Parties should mitigate climate change, considering the specific needs and concerns of "countries whose economies are highly dependent on income generated from the production, processing and export, and/or on consumption of fossil fuels and associated energy-intensive products."[37]

In view of the above, OPEC and its Member Countries are engaged in the climate change process and adhere to the objectives and principles of the Convention to address the global challenge of climate change.

Speaking at COP16 in 2010 in Cancun, Abdalla Salem El-Badri, OPEC Secretary General, said: "We believe that collective efforts could lead to a successful outcome, provided that the principles and the provisions of the Convention are fully taken into account and respected. In particular, the principles of equity and common but differentiated responsibilities and respective capabilities, as well as the overriding priority of economic and social development and the eradication of poverty."[38]

In this regard, developed countries are to take the lead in combating climate change given their historical responsibility and in providing new, adequate and predictable financial resources and technology transfer to support developing country mitigation actions, as well as adaptation to both climate change and the adverse effects of response measures.

The Kyoto Protocol

Recognizing the historical responsibility of developed countries, the Kyoto Protocol[39] was adopted at COP3, in December 1997, setting binding emission reduction targets for Annex I countries. The protocol sought to also operationalize two key commitments of Annex I countries to developing countries — technology transfer and financial support.

In terms of the protocol, OPEC and its Member Countries advocated the need to eliminate any socio-economic adverse impacts arising from the implementation on mitigation response measures, including through economic diversification within the energy sector and in the wider economy. They also stressed the importance of international cooperation in addressing a global challenge.

These concerns have been reflected in Articles 2.3 and 3.14 of the Kyoto Protocol.[40] The two articles deal with the adverse socio-economic and environmental impacts of response measures on developing counties, and the need to minimize these adverse effects through the provision of financial support and the transfer of technology.

OPEC and its Member Countries have therefore urged "countries listed in Annex I … to implement policies and measures to minimize the adverse social and economic impacts of their response measures on the countries whose economies are highly dependent on the production and export of fossil fuels."[41]

OPEC has also remained fully engaged in climate talks following the adoption of the protocol, including at COP7, in 2001, when adopting the Marrakesh Accords detailing the rules for implementation of the protocol, and at COP18, in 2012, when adopting the Doha Amendment to the Kyoto Protocol that includes new commitments for Annex I Parties for the pre-2020 period.

To this end, all OPEC Member Countries have ratified the protocol, and six Member Countries have submitted their acceptance of the Doha amendment. Unfortunately, the developed countries, which have the commitment under the Convention and the Kyoto Protocol, as well as the historic responsibility through their industrial processes, have not met up to global needs and expectations. Some developed countries have retreated from the protocol for emission reductions, whereas the Doha Amendment has still not entered into force.

The Paris Agreement

It was at COP17, in 2011, when Parties accepted the Durban Platform for Enhanced Action recognizing the need to draw up a blueprint for a new climate change agreement for the post-2020 period.

In the ensuing climate talks, OPEC's views for a new agreement are reflected in the statement delivered by Secretary General, El-Badri, at COP18 in 2012 in Doha: "These negotiations should be transparent, country-led and inclusive, and based upon the principles and provisions of the UNFCCC. Our Member Countries are committed to reaching a comprehensive, balanced outcome to the negotiations based on a full consensus. This outcome should be 'win-win' in nature and recognize the diverse interests of all Parties to the Convention."[42]

The OPEC Conference also continuously deliberated on the status of negotiations, underscoring the importance for all OPEC Member Countries to be actively and positively engaged in the UN climate process. OPEC Ministers stressed at the 168th Meeting of the Conference, convened in December 2015, that "climate change, environmental protection and sustainable development are a major concern for us all."[43]

Indeed, a new negotiation process evolved in December 2015 for three years up to COP21. UNFCCC Parties at this meeting eventually agreed on a landmark document, the Paris Agreement, to combat climate change and enhance actions for a sustainable future. The Paris Agreement builds on the

Convention and brings together for the first time all nations, both developed and developing countries, with a common cause to strengthen the global response to climate change by "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C."[44]

To agree on the operational mechanisms of the Paris Agreement, Parties had to overcome long-standing differences, complex technical issues and divergent interpretations of the agreement. Apart from some contentious issues left for future negotiations, Parties are currently expected to submit the next round of their nationally determined contributions by the end of 2020.

The agreement entered into force about a year after its adoption in November 2016, and since then OPEC and its Member Countries have remained fully engaged and supportive of the Convention and Paris Agreement. To date, all OPEC Member Countries have signed the agreement and nine Member Countries have ratified it.

At its 169th Meeting on 2 June 2016, the OPEC Conference "welcomed the Paris Agreement taken at the COP21 meeting" and stressed that Member Countries are committed to supporting sustainable development.[45] A few months later, at its 171st Meeting on 30 November 2016, the OPEC Conference welcomed the early enforcement of the Paris Agreement: "OPEC will continue to support the successful and comprehensive implementation of the Agreement to ensure a 'win-win' outcome for all. In this regard, it stated that it was important to recognize that the Agreement is under the (Convention) and should continue to be guided by its principles and provisions. In particular, the unique situation of developing countries should be given the top priority it deserves."[46]

In a statement available at the UNFCCC website,[47] Barkindo, as OPEC Secretary General, further reaffirmed the Organization's firm commitment to tackling global climate change through the historic Paris Agreement. "Let me stress that OPEC not only welcomed the Paris Agreement on climate change from COP21 and its early enforcement toward the end of 2016. Our Member Countries played an important role in reaching the Agreement — and they will also play a role in its implementation."

Recognizing that stabilizing the global climate is one of the most urgent challenges facing our planet, it is important to implement the Paris Agreement. This means the need to "ensure a Party-driven process; recall different national circumstances; evoke the principles of equity and of common but differentiated responsibilities; balance mitigation, adaptation and the means of implementation, including financing for developing countries to support their actions; and take into account the overriding priority of sustainable development," Barkindo, stated at COP23 in 2017 in Bonn.[48]

Two years later at COP25, in 2019 in Madrid, he further stressed: "Technological innovation, including Carbon Capture and Sequestration technologies (CCUS), enhanced investment for energy access, and improved energy efficiency must be part of the solution. The oil industry is committed to all of these."[49] Indeed, CCUS has been identified by the IPCC as one of the most promising technologies for the rapid reduction of global emissions.

The role of science

The depth of knowledge and understanding of climate change, its causes and effects, have grown in parallel to progress made in international climate negotiations, in large part due to scientific input provided by the IPCC.

The IPCC Assessment Reports and scientific evidence from other resources confirm that the concentration of GHGs has been steadily rising, as well as the mean global temperature, since the time of the industrial revolution in the developed world. Hence, there is a need to take action to reduce GHG emissions and enhance sinks, while also adapting to the impacts of climate change.

The fact also remains that developing energy-producing countries, in particular, stand to be hit hardest by discriminatory climate response measures, along with the actual manifestations of climate change itself.

The IPCC, which feeds into the deliberations and decisions of the UNFCCC, has from its first assessment report acknowledged the specific situation of developing countries, including OPEC Member Countries. Hence, special provisions were made in the Convention.

"At OPEC, we listen extensively to the scientists,"[50] stated Secretary General, Barkindo, at COP25. OPEC and its Member Countries actively participate in IPCC sessions and have been engaged constructively in its processes for the development of assessment reports, including by acting as reviewers to the contributions of the Working Groups. The participation of authors and experts from developing countries has been stressed to allow a balanced representation within the scientific community involved in the development of IPCC reports, as well as the need for addressing regional perspectives.

OPEC is also actively involved in the activities related to the IEA GHG Programme,[51] and has established dialogues with other international research institutions, including the Oil and Gas Climate Initiative and the International Petroleum Industry Environmental Conservation Association.

Sustainable development

Climate action must be placed in the context of sustainable development and poverty eradication. Implementation of the Convention, Kyoto Protocol and the Paris Agreement should enhance the endeavours of developing countries to achieve the SDGs. OPEC and its Member Countries "recognize that energy is essential for poverty eradication (and) sustainable development."[52]

These issues had been highlighted on many previous occasions by a number of OPEC officials. Dr Lukman, speaking as President of the 121st Meeting of the OPEC Conference emphasized the importance of the World Summit on Sustainable Development that had taken place a few weeks earlier in Johannesburg, and highlighted the "enhanced global awareness of the chronic poverty and deprivation that exists in many developing countries … and underlined the crucial need for energy security as these countries seek to overcome these fundamental problems."[53]

Indonesia's Dr Maizar Rahman, Acting Secretary General, speaking at COP10 in 2004 in Buenos Aires said: "OPEC's Members are developing countries, whose incomes are highly dependent on the export revenues they receive from sales of a single commodity, petroleum, on world markets. OPEC recognizes that the protection of the environment, along with economic and social advancement, is one of the designated three pillars of sustainable development. Moreover, as developing countries, we believe that the eradication of poverty is an integral part of this process and that it should be treated as an overriding priority by all nations."[54]

Considering that climate action could pave the way toward sustainable development, the energy transition should therefore be pursued while prioritizing the billions of people in developing countries that continue to suffer from energy poverty. It entails a transition to a more inclusive world in which every person has access to affordable, reliable, sustainable and modern energy, without discriminating against any energy source.

In this context, Secretary General, El-Badri, stressed at COP13, in 2007 in Bali: "For these people, our goals must be to make sure they have access to modern energy services that are reliable, affordable, economically viable, socially acceptable and environmentally sound. This will not only enhance their living standards, but also help them adapt better to the inevitable consequences of climate change."[55]

This was elaborated further by the UAE's Mohamed Bin Dhaen Al Hamli, President of the 144th Meeting of the OPEC Conference in March 2007: "OPEC is as concerned as anyone else about environmental issues, since, understandably enough, the citizens of our Member Countries also desire a cleaner, safer world in which to live. This is in addition to their fight against poverty and their quest for improved socio-economic conditions."[56]

More recently, Secretary General, Barkindo, highlighted at COP23, in 2017 in Bonn, that one "should appreciate what the term 'energy transition' means for those 1.1 billion people in developing countries that continue to suffer from acute energy poverty. It is not about a transition from one energy source to another; it is about the right to have access to modern energy services for the first time, to provide warmth, light and mobility.

"It should also not discriminate against any energy source. The world will continue to need all energy sources now and in the future. It is, therefore, vital we collectively develop and adopt technologies that transform the environmental credentials of all energies. In this regard, OPEC welcomes coordinated action between all Parties, with industry and through various research and development platforms."[57]

Overall, OPEC views energy poverty as a scourge of our time. An ever-cleaner oil industry, driven by technological innovation, can improve the livelihoods of billions of people in a sustainable way.

As a centre of excellence, OPEC is conducting research on matters related to sustainable development and energy access, being fully engaged in the activities of the High-level Political Forum that overlooks the implementation of the 2030 Agenda for Sustainable Development and its SDGs, and providing technical support for its Member Countries in order to facilitate their effective participation in the Forum's sessions.

Moreover, the OPEC Fund for International Development, a multilateral development finance institution established in 1976 at the behest of OPEC Member Countries, is dedicated to improving people's lives by providing public, private, and trade sector financing, as well as grants, to support sustainable social and economic advancement across the globe *(see Chapter 12)*.

Looking to the future

Twenty five years after COP1 in Berlin and five years after the adoption of the Paris Agreement, OPEC and its Member Countries continue to proceed within the framework established by the Convention, Kyoto Protocol, Paris Agreement and various COP decisions.

With the current state of the Paris Agreement, and the continuous scientific evidence being provided by the IPCC, it has become abundantly clear that no group of countries, acting alone, can adequately and in a timely fashion combat this challenge facing all humanity. The global community has no viable option other than to remain within the multilateral process under the UNFCCC. This process has to be further strengthened in a holistic manner by continuing to provide and ensure all-inclusive participation by all Parties.

When looking ahead in terms of the energy transition it is important to recognize that the basic challenge can be summed up in two questions. How can we ensure there is enough supply to meet expected future demand growth? And how can this growth be achieved in a sustainable way, balancing the needs of people in relation to their social welfare, the economy and the environment? It all points to not limiting ourselves by putting all our eggs in one basket. We need to look for cleaner and more efficient technological solutions everywhere, across all available energies. When tackling emissions there are many paths and we need to pursue them all.

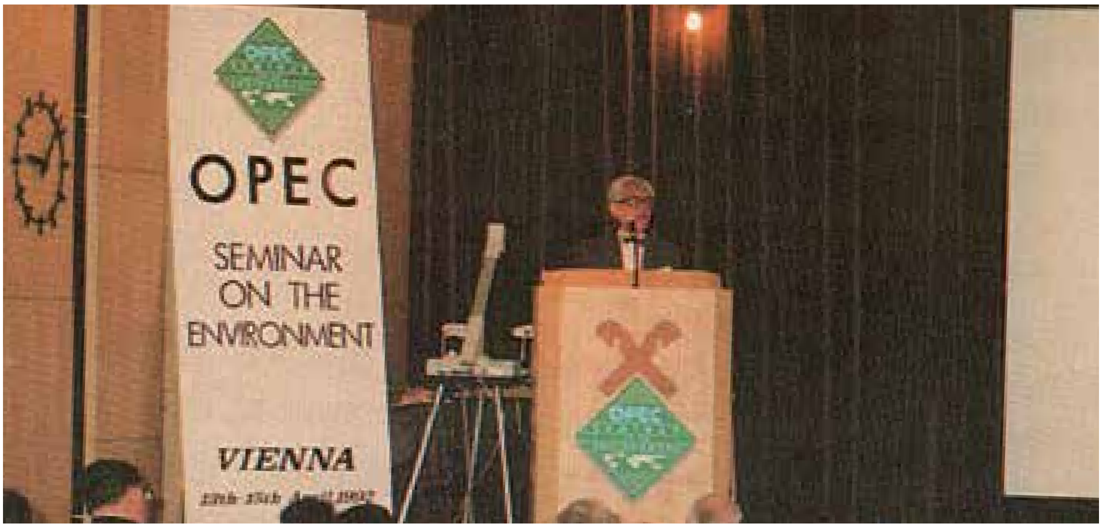
It is important to always keep in mind that energy poverty impedes development in many regions of the world, including OPEC Member Countries. Access to reliable energy resources, including oil and gas, is essential to combatting energy poverty.

The challenge is how we can join together globally in a timely fashion, effectively and efficiently, to significantly reduce GHG emissions. OPEC Member Countries continue to play a part and rightly urge the global community to continue to work together as dedicated partners for a global solution.

OPEC, as a centre of excellence in research on energy matters and its interlinkages with climate change and sustainable development, has been serving its diverse Member Countries by providing high-quality and reliable insights, studies and reports, as well as technical assistance and a platform for cooperation. Despite being a non-Party stakeholder in the UNFCCC, it has a critical role to play in providing a developing countries' perspective and solutions to climate change.

With the current COVID-19 pandemic and postponement of UN climate negotiation sessions in 2020, uncertainties are emerging on how climate change will be treated in the post-pandemic era, but the statement from Dr Alvaro Silva-Calderon, OPEC Secretary General, at COP8, in 2002 in New Delhi has stood the test of time and remains relevant today. "The whole issue of climate change is a complex one. But the benefits are simple, since we all stand to gain from making the world a cleaner, healthier and safer place to live in."[58]

OPEC stands ready and will continue to fulfil its mandate on matters related to energy and climate change in the context of sustainable development.



*An **OPEC Seminar on the Environment** took place in Vienna, 13–15 April 1992.*

On 21 November 2000, Angela Merkel (l), (then) Leader of the Christian Democratic Union, visited Dr Rilwanu Lukman, OPEC Secretary General, to discuss environmental/energy issues. Merkel was President of COP1 in Berlin 1995, and Germany (Bonn) hosted COP6–2 in July 2001.

Christiana Figueres, Executive Secretary of the UNFCCC, attended the 5th OPEC International Seminar, in June 2012 in Vienna. She stressed that even with successful climate change mitigation policies in place, oil will undoubtedly remain a predominant fuel in the world's primary energy mix.

Mohammad Sanusi Barkindo, OPEC Secretary General, spoke at the ***UN Climate Change Conference (COP23/CMP13/CMA1–2)****, 16 November 2017, Bonn, Germany.*

Secretary General, Barkindo (l), with Patricia Espinosa, Executive Secretary of the UNFCCC, December 2018.

Secretary General, Barkindo, speaking at the ***UN Climate Change Conference (COP24/CMP14/CMA1.3)****, 3–14 December 2018, Katowice, Poland.*

Photo courtesy UNFCCC.

Secretary General, Barkindo, delivering a statement to the joint plenary session of ***COP25/CMP15/CMA2****, 10 December 2019, Madrid, Spain.*

Secretary General, Barkindo (second r), at the joint plenary session of ***COP25/CMP15/CMA2*** *on 10 December 2019, Madrid, with the OPEC Secretariat team (l–r): Dr Eleni Kaditi, Research Analyst, EMU; Mohammad Ali Zarie Zare, Environmental Coordinator, EMU; and Nadir Guerer, Senior Research Analyst, Office of the Director, Research Division.*

Epilogue:
Looking to the next 60 years

Between 12,000 and 7,000 years ago, an area of land existed in what is now the southern North Sea. It stretched from Britain's east coast, connecting it with mainland Europe. Now submerged under the sea, the antediluvian area is known as Doggerland, and following extensive research, it seems almost certain that it was inhabited during the Mesolithic period.[1]

Understanding Doggerland is critical for a host of reasons: it advances our knowledge of archaeology, Paleolithic societies, the mass movement of human beings, and critically, what happens when land is deluged, an all too realistic threat in present times.[2] This is obviously critical to the advancement of human understanding, so the question raises itself, how do we know about Doggerland? How are archaeologists, paleo-archaeologists and scientists able to conduct research about a once terrestrial area that is now under the sea?

Dr Richard Bates, a geophysicist from St Andrews University in Scotland, who worked on a landmark project seeking to research Doggerland, explained it in the following way: "It's only since working with oil companies in the last few years that we have been able to re-create what this lost land looked like."[3] Oil company geologists, in exploring areas of the North Sea for drilling oil, were inadvertently compiling maps of Doggerland.[4]

The unearthing of Doggerland is an illuminating example of a recurring theme in the history of the oil industry and has parallels in the history of OPEC. The story of oil is one of discovery, innovation and knowledge exploration. This often transpires in ways completely unexpected and has unintended, lasting consequences. Paleo-anthropology was probably not foremost in the minds of the geologists conducting the seismic surveys in the North Sea, but their work enriched an entirely different branch of science.

The visionaries who founded OPEC in Baghdad in 1960 could not have foreseen the exact nature of the oil industry six decades on or the full range of consequences that creating OPEC would have. Indeed, OPEC's story is one of often dumbfounding critics, exceeding expectations and adapting with the times. For this reason, speculating what the next 60 years has in store for the Organization is an extremely difficult task.

Nevertheless, as the chapters in this book have shown, there are recurring themes that have transcended across the decades and guided the Organization's work. As Secretary General, Barkindo, explained in remarks in Luanda, Angola, in December 2018: "OPEC does not seek stability for stability's sake: rather we are acutely conscious of the broader social and economic benefits for all that come because of sustainable oil market stability. Such is the importance of oil that it plays an indispensable role in lubricating economic growth, sustainable development and improving the livelihoods of billions of people around the globe. Oil market stability begets prosperity; it is an essential component in fighting poverty. The multiplier effects of oil market stability are immense for other industries and the global economy."[5]

OPEC has repeatedly been innovative in its efforts to make a contribution to oil market stability. This has been particularly apparent in the DoC and CoC decisions from 2016 to 2020. The forward-looking trajectory that underpins the CoC means that it is an important platform for participating countries in the energy transition.

The energy transition is a term that is very prominent in all discussions and exchanges on the future of the industry. A definition for it, one which all stakeholders can agree on, is somewhat rarer. Indeed, discussion on the energy transition elicits strong opinions and emotions. This is understandable given the stakes involved. The health and future of the planet is at stake, as well as the fates of industries that make a critical contribution to the livelihood of peoples and the global economy.

Chapter 14 on the environment outlined some of the parameters of the environmental debate in more detail. This is not the moment to recapitulate what was already discussed there. Rather, in looking to the future of the energy industry it is important to return, once again, to a refrain common throughout OPEC's history: the necessity of dialogue.

David Howell, former British Secretary of State for Energy, encapsulated the essence of a view shared by many who work in the oil industry but are deeply concerned by the climate challenge, when he said in a recent interview with *The New York Times*:

"Industrialists, energy companies and global experts say that by 2050 we will still be relying on hydrocarbons for at least 70 per cent of the world's energy (compared with an estimated 85 per cent in 2018). The green world says "Oh no!" We are going to make oil history, and we are going to have no hydrocarbon emissions by 2050. They can't both be right. I have argued all along that the only possibility for progress is … to work together."[6]

Positive steps are being made. OPEC's Member Countries have worked to improve the environmental credentials of the oil industry, and invested heavily in renewable forms of energy. Significantly, across the globe, the corporate world is increasingly conscious and proactive with regard to their responsibilities.

Of course, more remains to be done and the pace of change can, at times, appear to be slow. However, enough evidence exists that there is the basis for a broad coalition of like-minded entities, which could coalesce around the desire to reduce GHGs, based on equity, common-but-differentiated responsibilities and respective capabilities.

So rather than conclude this book with a bold prediction of the future, the Organization reaffirms its faith, repeated time and time again in the preceding chapters, of the need for dialogue, cooperation and respect among all stakeholders in the energy community. We need to talk to and not at each other. The challenges our planet faces require comprehensive solutions and an appreciation of the nuances in the debate. The contributions of an entire industry cannot be overlooked.

Fusing the enthusiasm and passion of the younger generation with the technical know-how and capacity for innovation in the oil industry may provide a blueprint for unlocking that emissions-free future that we all seek. In this way, we can build a future worthy of our children and our children's children.

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51. In collaboration with the IEAGHG Programme various studies have been developed, as well as the implementation of other research activities, including a summer school, held in November 2009 in Algeria, and a CCS CDM workshop, convened in October 2013 at the OPEC Secretariat.
52. OPEC, *Solemn Declarations*, 20.
53. Rilwanu Lukman, 'Opening address to the 121st Meeting of the OPEC Conference,' 19 September 2002, https://www.opec.org/opec_web/en/press_room/1181.htm.
54. See *Endnote 5*.
55. Ibid.
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57. See *Endnote 5*.
58. Ibid.

Epilogue

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2. Ibid.
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OPEC Conferences, Presidents

1960-to-date

OPEC Conferences, Presidents

Year	No	Venue	Name	Member Country
1960	1st	Baghdad	(Oil Minister)	Iraq
1961	2nd	Caracas	Dr Juan Pablo Pérez Alfonzo	Venezuela
	3rd	Tehran	A. Ettehadieh	Iran
1962	4th	Geneva	Ahmed Zaki Yamani	Saudi Arabia
1963	5th	Riyadh	Ahmed Zaki Yamani	Saudi Arabia
1964	6th	Geneva	Hassan Kamel	Qatar
	7th	Djakarta	Chairul Saleh	Indonesia
1965	8th(E)	Geneva	Dr Perez Guerrero	Venezuela
	9th	Tripoli	Fuad Al-Kabazi	Libya
	10th	Vienna	Dr Jamshid Amouzegar	Iran
1966	11th	Vienna	Saleh Kubba	Iraq
	12th	Kuwait	Sheikh Sabah Al-Ahmed Al-Jaber	Kuwait
1967	13th(E)	Rome	Dr Hassan Kamel	Qatar
	14th	Vienna	Ahmed Zaki Yamani	Saudi Arabia
1968	15th(E)	Beirut	Dr Jamshid Amouzegar	Iran
	16th	Vienna	Abdul Rahman Al-Ateeqy	Kuwait
	17th	Baghdad	Dr Rashid Al-Rifa'I	Iraq
1969	18th	Vienna	Dr Nadim Pachachi	Abu Dhabi
	19th	Doha	Dr Hassan Kamel	Qatar

Year	No	Venue	Name	Member Country
1970	20th	Algiers	Belaid Abdesselam	Algeria
	21st	Caracas	Dr Hugo Perez La Salvia	Venezuela
1971	22nd(E)	Tehran	Dr Jamshid Amouzegar	Iran
	23rd(E)	Vienna	Abdul-Rahman Al-Ateeqy	Kuwait
	24th	Vienna	Abdul-Rahman Al-Ateeqy	Kuwait
	25th(E)	Beirut	Abdul-Rahman Al-Ateeqy	Kuwait
	26th	Abu Dhabi	Dr Mana Saeed Otaiba	Abu Dhabi
1972	27th(E)	Beirut	Ahmed Zaki Yamani	Saudi Arabia
	28th(E)	Beirut	Ahmed Zaki Yamani	Saudi Arabia
	29th	Vienna	Ahmed Zaki Yamani	Saudi Arabia
	30th(E)	Riyadh	Ahmed Zaki Yamani	Saudi Arabia
	31st	Lagos	Shettima Ali Monguno	Nigeria
1973	32nd(E)	Vienna	Shettima Ali Monguno	Nigeria
	33rd(E)	Vienna	Shettima Ali Monguno	Nigeria
	34th	Vienna	Abdul-Rahman Al-Ateeqy	Kuwait
	35th(E)	Vienna	Abdul-Rahman Al-Ateeqy	Kuwait
	36th	Vienna	Dr Jamshid Amouzegar	Iran
1974	37th(E)	Geneva	Dr Jamshid Amouzegar	Iran
	38th(E)	Vienna	Dr Jamshid Amouzegar	Iran
	39th(E)	Geneva	Dr Jamshid Amouzegar	Iran
	40th	Quito	Capt Gustavo Jarrin Ampudia	Ecuador

Year	No	Venue	Name	Member Country
1974	41st(E)	Vienna	Capt Gustavo Jarrin Ampudia	Ecuador
	42nd	Vienna	Dr Valentin Hernandez-Acosta	Venezuela
1975	43rd(E)	Vienna	Dr Valentin Hernandez-Acosta	Venezuela
	44th	Libreville	Edouard Alexis M'Bouy-Boutzit	Gabon
	45th(E)	Vienna	Edouard Alexis M'Bouy-Boutzit	Gabon
	46th	Vienna	Dr Jamshid Amouzegar	Iran
1976	47th	Bali	Dr Mohammed Sadli	Indonesia
	48th	Doha	Abdul Aziz Bin Khalifa Al-Thani	Qatar
1977	49th	Stockholm	Abdul Aziz Bin Khalifa Al-Thani	Qatar
	50th	Caracas	Dr Valentin Hernandez-Acosta	Venezuela
1978	51st	Geneva	Ali Khalifa Al-Sabah	Kuwait
	52nd	Abu Dhabi	Dr Mana Saeed Otaiba	UAE
1979	53rd(E)	Geneva	Dr Mana Saeed Otaiba	UAE
	54th	Geneva	Dr Mana Saeed Otaiba	UAE
	55th	Caracas	Dr Humberto Calderon-Berti	Venezuela
1980	56th(E)	Taif	Dr Humberto Calderon-Berti	Venezuela
	57th	Algiers	Belkacem Nabi	Algeria
	58th(E)	Vienna	Belkacem Nabi	Algeria
	59th	Bali	Dr Subroto	Indonesia
1981	60th	Geneva	Dr Subroto	Indonesia
	61st(E)	Geneva	Dr Subroto	Indonesia

Year	No	Venue	Name	Member Country
1981	62nd	Abu Dhabi	Dr Mana Saeed Otaiba	UAE
1982	63rd(E)	Vienna	Dr Mana Saeed Otaiba	UAE
	64th	Quito	Dr Eduardo Ortega Gomez	Ecuador
	65th(E)	Vienna	Dr Eduardo Ortega Gomez	Ecuador
	66th	Vienna	Mallam Yahaya Dikko	Nigeria
1983	67th(E)	London	Mallam Yahaya Dikko	Nigeria
	68th	Helsinki	Dr Mana Saeed Otaiba	UAE
	69th	Geneva	Kamal Hassan Maghur	Libya
1984	70th	Vienna	Kamal Hassan Maghur	Libya
	71st(E)	Geneva	Dr Subroto	Indonesia
	72nd	Geneva	Dr Subroto	Indonesia
1985	73rd(E)	Geneva	Dr Subroto	Indonesia
	74th	Geneva	Dr Subroto	Indonesia
	75th(E)	Vienna	Dr Subroto	Indonesia
	76th	Geneva	Dr Arturo Hernandez Grisanti	Venezuela
1986	77th(E) (1)	Geneva	Dr Arturo Hernandez Grisanti	Venezuela
	77th(E) (2)	Geneva	Dr Arturo Hernandez Grisanti	Venezuela
	78th (1)	Brioni	Dr Rilwanu Lukman	Nigeria
	78th (2)	Geneva	Dr Rilwanu Lukman	Nigeria
	79th(E)	Geneva	Dr Rilwanu Lukman	Nigeria
	80th	Geneva	Dr Rilwanu Lukman	Nigeria

Year	No	Venue	Name	Member Country
1987	81st	Vienna	Dr Rilwanu Lukman	Nigeria
	82nd	Vienna	Dr Rilwanu Lukman	Nigeria
1988	83rd	Vienna	Dr Rilwanu Lukman	Nigeria
	84th	Vienna	Dr Rilwanu Lukman	Nigeria
1989	85th	Vienna	Dr Rilwanu Lukman	Nigeria
	86th	Vienna	Dr Rilwanu Lukman	Nigeria
1990	87th	Geneva	Sadek Boussena	Algeria
	88th	Vienna	Sadek Boussena	Algeria
1991	89th	Vienna	Dr Celestino Armas	Venezuela
	90th	Vienna	Prof Jibril Aminu	Nigeria
1992	91st	Vienna	Yousef Bin Omeir Bin Yousef	UAE
	92nd	Vienna	Dr Alirio A Parra	Venezuela
1993	93rd	Geneva	Jean Ping	Gabon
	94th(E)	Vienna	Jean Ping	Gabon
	95th	Vienna	Abdullah Bin Hamad Al-Attiyah	Qatar
1994	96th	Vienna	Abdalla Salem El-Badri	Libya
	97th	Bali	Ida Bagus Sudjana	Indonesia
1995	98th	Vienna	Dr Erwin José Arrieta	Venezuela
	99th	Vienna	Ammar Makhloufi	Algeria
1996	100th	Vienna	Rakadh Bin Salem Bin Hamed Bin Rakadh	UAE
	101st	Vienna	Abdalla Salem El-Badri	Libya

Year	No	Venue	Name	Member Country
1997	102nd	Vienna	Abdullah bin Hamad Al Attiyah	Qatar
	103rd	Jakarta	Ida Bagus Sudjana	Indonesia
1998	104th(E)	Vienna	Obaid bin Saif Al-Nasseri	UAE
	105th	Vienna	Obaid bin Saif Al-Nasseri	UAE
	106th	Vienna	Dr Youcef Yousfi	Algeria
1999	107th	Vienna	Dr Youcef Yousfi	Algeria
	108th	Vienna	Abdullah bin Hamad Al Attiyah	Qatar
2000	109th	Vienna	Dr Alí Rodríguez Araque	Venezuela
	110th(E)	Vienna	Dr Alí Rodríguez Araque	Venezuela
	111th	Vienna	Dr Alí Rodríguez Araque	Venezuela
	112th(E)	Vienna	Dr Alí Rodríguez Araque	Venezuela
2001	113th(E)	Vienna	Dr Chakib Khelil	Algeria
	114th	Vienna	Dr Chakib Khelil	Algeria
	115th(E)	Vienna	Dr Chakib Khelil	Algeria
	116th(E)	Vienna	Dr Chakib Khelil	Algeria
	117th	Vienna	Dr Chakib Khelil	Algeria
	118th(E)	Vienna	Dr Chakib Khelil	Algeria
2002	119th	Vienna	Dr Rilwanu Lukman	Nigeria
	120th(E)	Vienna	Dr Rilwanu Lukman	Nigeria
	121st	Osaka	Dr Rilwanu Lukman	Nigeria
	122nd(E)	Vienna	Dr Rilwanu Lukman	Nigeria

Year	No	Venue	Name	Member Country
2003	123rd(E)	Vienna	Abdullah bin Hamad Al Attiyah	Qatar
	124th	Vienna	Abdullah bin Hamad Al Attiyah	Qatar
	125th(E)	Doha	Abdullah bin Hamad Al Attiyah	Qatar
	126th(E)	Vienna	Abdullah bin Hamad Al Attiyah	Qatar
	127th	Vienna	Abdullah bin Hamad Al Attiyah	Qatar
	128th(E)	Vienna	Abdullah bin Hamad Al Attiyah	Qatar
2004	129th(E)	Algiers	Dr Purnomo Yusgiantoro	Indonesia
	130th	Vienna	Dr Purnomo Yusgiantoro	Indonesia
	131st(E)	Beirut	Dr Purnomo Yusgiantoro	Indonesia
	132nd	Vienna	Dr Purnomo Yusgiantoro	Indonesia
	133rd(E)	Cairo	Dr Purnomo Yusgiantoro	Indonesia
2005	134th(E)	Vienna	Sheikh Ahmad Fahad Al-Ahmad Al-Sabah	Kuwait
	135th	Isfahan	Sheikh Ahmad Fahad Al-Ahmad Al-Sabah	Kuwait
	136th(E)	Vienna	Sheikh Ahmad Fahad Al-Ahmad Al-Sabah	Kuwait
	137th	Vienna	Sheikh Ahmad Fahad Al-Ahmad Al-Sabah	Kuwait
	138th(E)	Kuwait	Sheikh Ahmad Fahad Al-Ahmad Al-Sabah	Kuwait
2006	139th(E)	Vienna	Dr Edmund M Daukoru	Nigeria
	140th	Vienna	Dr Edmund M Daukoru	Nigeria
	141st(E)	Caracas	Dr Edmund M Daukoru	Nigeria
	142nd	Vienna	Dr Edmund M Daukoru	Nigeria
	143rd(E)	Abuja	Dr Edmund M Daukoru	Nigeria

Year	No	Venue	Name	Member Country
2007	144th	Vienna	Mohamed bin Dhaen Al Hamli	UAE
	145th	Vienna	Mohamed bin Dhaen Al Hamli	UAE
	146th(E)	Abu Dhabi	Mohamed bin Dhaen Al Hamli	UAE
2008	147th(E)	Vienna	Dr Chakib Khelil	Algeria
	148th	Vienna	Dr Chakib Khelil	Algeria
	149th	Vienna	Dr Chakib Khelil	Algeria
	150th(E)	Vienna	Dr Chakib Khelil	Algeria
	151st(E)	Algiers	Dr Chakib Khelil	Algeria
2009	152nd	Vienna	Eng José Maria Botelho de Vasconcelos	Angola
	153rd(E)	Vienna	Eng José Maria Botelho de Vasconcelos	Angola
	154th	Vienna	Eng José Maria Botelho de Vasconcelos	Angola
	155th(E)	Luanda	Eng José Maria Botelho de Vasconcelos	Angola
2010	156th	Vienna	Germánico Alfredo Pinto Troya	Ecuador
	157th	Vienna	Wilson Pástor-Morris	Ecuador
	158th(E)	Quito	Wilson Pástor-Morris	Ecuador
2011	159th	Vienna	Mohammad Aliabadi	IR Iran
	160th	Vienna	Eng Rostam Ghasemi	IR Iran
2012	161st	Vienna	Abdul-Kareem Luaibi Bahedh	Iraq
	162nd	Vienna	Abdul-Kareem Luaibi Bahedh	Iraq
2013	163rd	Vienna	Dr Abdel Bari Ali Al-Arousi (Alternate)	Libya
	164th	Vienna	Mustafa Jassim Mohammad Al-Shamali	Kuwait

Year	No	Venue	Name	Member Country
2014	165th	Vienna	Omar Ali El Shakmak	Libya
	166th	Vienna	Abdourhman Ataher Al-Ahirish	Libya
2015	167th	Vienna	Dr Mohammed Bin Saleh Al-Sada (Alternate)	Qatar
	168th	Vienna	Emmanuel Ibe Kachikwu	Nigeria
2016	169th	Vienna	Dr Mohammed Bin Saleh Al-Sada	Qatar
	170th(E)	Algiers	Dr Mohammed Bin Saleh Al-Sada	Qatar
	171st	Vienna	Dr Mohammed Bin Saleh Al-Sada	Qatar
2017	172nd	Vienna	Khalid A. Al-Falih	Saudi Arabia
	173rd	Vienna	Khalid A. Al-Falih	Saudi Arabia
2018	174th	Vienna	Suhail Mohamed Al Mazrouei	UAE
	175th	Vienna	Suhail Mohamed Al Mazrouei	UAE
2019	176th	Vienna	Manuel Salvador Quevedo Fernandez	Venezuela
	177th	Vienna	Manuel Salvador Quevedo Fernandez	Venezuela
2020	178th(E)	Vienna	Mohamed Arkab	Algeria
	179th	Vienna	Mohamed Arkab	Algeria
	180th*		Abdelmadjid Attar	Algeria

* *Scheduled to take place on 30 November 2020.*
(E) *Extraordinary Meeting of the OPEC Conference.*
Note: The 77th and 78th Meetings of the Conference (1986) were held in two parts.

OPEC and non-OPEC Ministerial Meetings, Chairs/Co-chairs

2016-to-date

OPEC and non-OPEC Ministerial Meetings, Chairs/Co-chairs

Year	No	Venue	Chair/co-Chair	Nationality
2016	1st	Vienna	Dr Mohammed Bin Saleh Al-Sada Alexander Novak	Qatar Russian Federation
2017	2nd	Vienna	Khalid A. Al-Falih Alexander Novak	Saudi Arabia Russian Federation
2017	3rd	Vienna	Khalid A. Al-Falih Alexander Novak	Saudi Arabia Russian Federation
2018	4th	Vienna	Suhail Mohamed Al Mazrouei Alexander Novak	UAE Russian Federation
2018	5th	Vienna	Suhail Mohamed Al Mazrouei Alexander Novak	UAE Russian Federation
2019	6th	Vienna	Manuel Salvador Quevedo Fernandez Alexander Novak	Venezuela Russian Federation
2019	7th	Vienna	Manuel Salvador Quevedo Fernandez Alexander Novak	Venezuela Russian Federation
2020	8th	Vienna	HRH Prince Abdul Aziz Bin Salman Alexander Novak	Saudi Arabia Russian Federation
2020	9th(E)	Vienna	HRH Prince Abdul Aziz Bin Salman Alexander Novak	Saudi Arabia Russian Federation
2020	10th(E)	Vienna	HRH Prince Abdul Aziz Bin Salman Alexander Novak	Saudi Arabia Russian Federation
2020	11th	Vienna	HRH Prince Abdul Aziz Bin Salman Alexander Novak	Saudi Arabia Russian Federation

(E) Extraordinary Meeting.

OPEC Heads of State

November 2020

OPEC Heads of State

Ramzi Boudina / Reuters / picturedesk.com

Abdelmadjid Tebboune
President of the Republic of Algeria

Valery Sharifulin / Tass / picturedesk.com

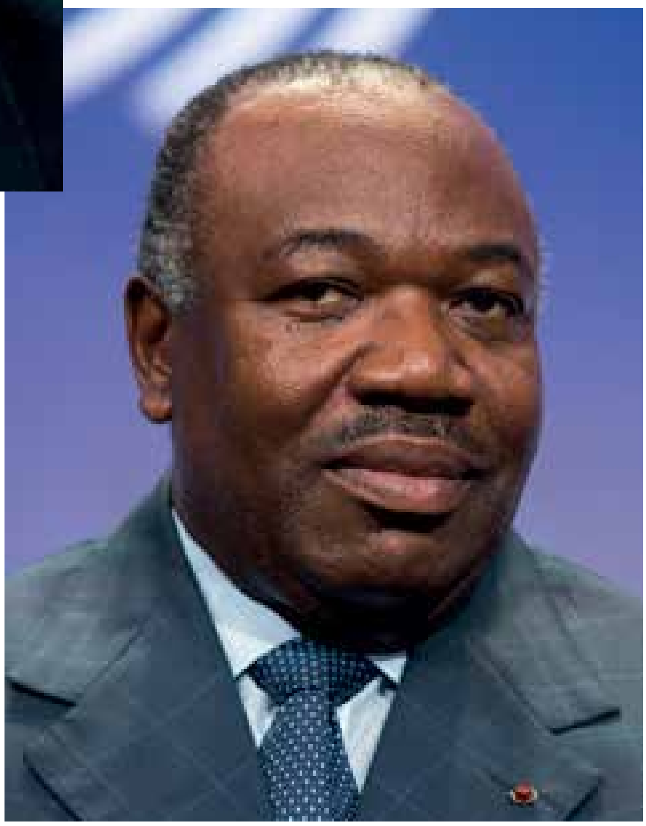
João Manuel Gonçalves Lourenço
President of the Republic of Angola

Denis Sassou Nguesso
President of the Republic of the Congo


Ludovic Marin / AFP / picturedesk.com

Alexei Druzhinin / Tass / picturedesk.com


Teodoro Obiang Nguema Mbasogo
President of Equatorial Guinea


Reuters

Ali Bongo Ondimba
President of the Republic of Gabon

Reuters

Hassan Rouhani
President of the Islamic Republic of Iran

Reuters

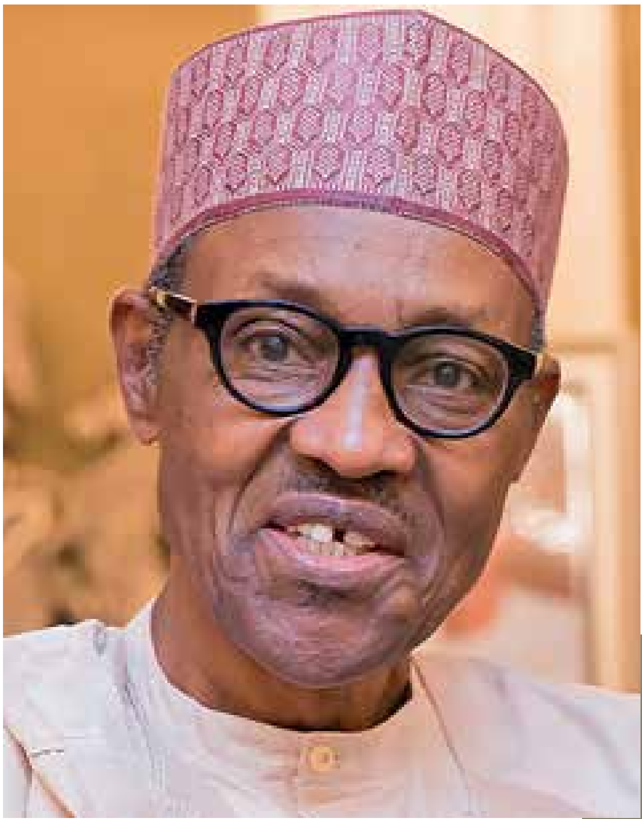
Barham Salih
President of the Republic of Iraq

Giuseppe Cacace / AFP / picturedesk.com

His Highness Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
Emir of Kuwait

Faiez Mustafa Serraj
President of the Presidency Council of the Government of National Accord, Libya

Reuters



Muhammadu Buhari, GCFR
Head of State and Commander-in-Chief of the Armed Forces, Nigeria

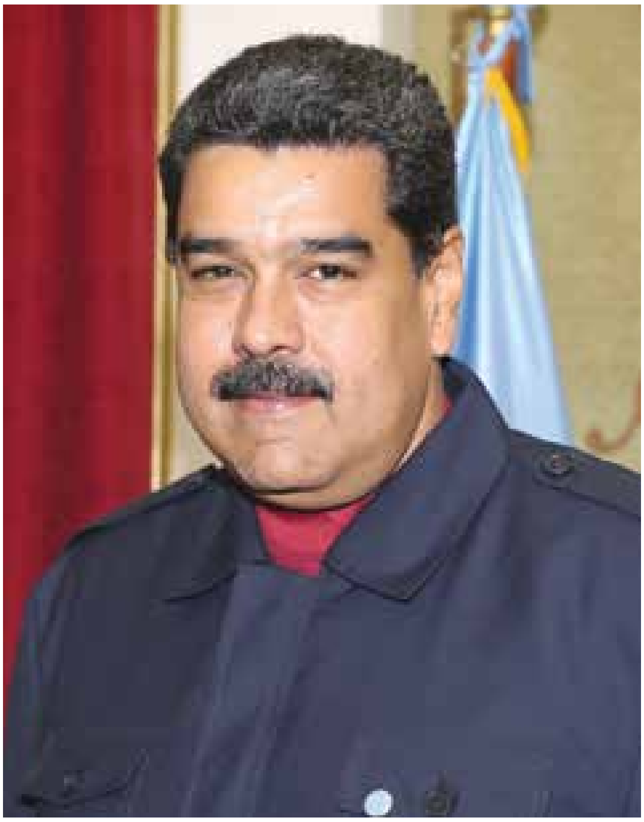
Reuters

His Highness Sheikh Khalifa Bin Zayed Al-Nahyan
President of the United Arab Emirates

Custodian of the two Holy Mosques, His Majesty King Salman Bin Abdulaziz Al-Saud

King of the Kingdom of Saudi Arabia

Reuters



Nicolás Maduro Moros

President of the Bolivarian Republic of Venezuela

OPEC Secretaries General

1961–present

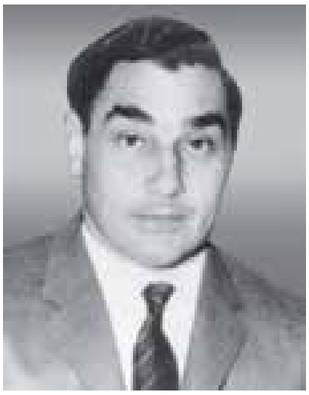
OPEC Secretaries General

Dr Fuad Rouhani[1]
Iran
21 January 1961–
30 April 1964

Dr Abdul Rahman Al-Bazzaz
Iraq
1 May 1964–
30 April 1965

Ashraf T. Lutfi[2]
Kuwait
1 May 1965–
31 December 1966

Mohammad Saleh Joukhdar
Saudi Arabia
1 January 1967–
31 December 1967



Dr Francisco R. Parra

Venezuela

1 January 1968–

31 December 1968

Dr Elrich Sanger

Indonesia

1 January 1969–

31 December 1969

Omar El-Badri

Libya

1 January 1970–

31 December 1970

Dr Nadim Pachachi

United Arab Emirates

1 January 1971–

31 December 1972

Dr Abderrahman Khène

Algeria

1 January 1973–

31 December 1974

Chief M.O. Feyide

Nigeria

1 January 1975–

31 December 1976

Ali M. Jaidah

Qatar

1 January 1977–

31 December 1978

René G. Ortiz

Ecuador

1 January 1979–

30 June 1981

Dr Marc S. Nan Nguema

Gabon

1 July 1981–

30 June 1983

Dr Mana Saeed Otaiba*

United Arab Emirates

19 July 1983–

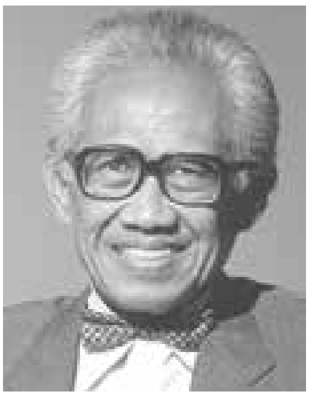
31 December 1983

Kamal Hassan Maghur*

Libya

1 January 1984–

31 October 1984



Dr Subroto*

Indonesia

1 November 1984–

9 December 1985

Dr Arturo Hernández Grisanti*

Venezuela

1 January 1986–

30 June 1986

Dr Rilwanu Lukman*

Nigeria

1 July 1986–

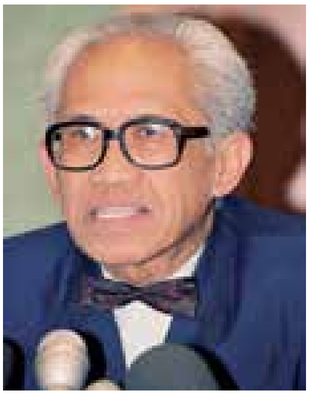
30 June 1988

Dr Subroto

Indonesia

1 July 1988–

30 June 1994



Abdalla Salem El-Badri

Libya

1 July 1994–

31 December 1994

Dr Rilwanu Lukman

Nigeria

1 January 1995–

31 December 2000

Dr Alí Rodríguez Araque

Venezuela

1 January 2001–

30 June 2002

Dr Alvaro Silva Calderón[3]

Venezuela

1 July 2002–

31 December 2003

Dr Purnomo Yusgiantoro

Indonesia

1 January 2004–

31 December 2004

Sheikh Ahmad Fahad Al-Ahmad Al-Sabah

Kuwait

1 January 2005–

31 December 2005

Dr Edmund Maduabebe Daukoru

Nigeria

1 January 2006–

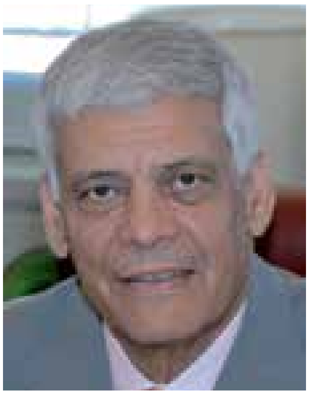
31 December 2006

Abdalla Salem El-Badri[4]

Libya

1 January 2007–

30 July 2016



Mohammad Sanusi Barkindo

Nigeria

1 August 2016–

present

* *Elected as President of the Conference with the mandate to also supervise the Secretariat.*

1. *In the early days of OPEC, the Chairman of the Board of Governors (BoG) was also, ex-officio, the Secretary General of the Organization.*
2. *The functions of Chairman of the BoG and Secretary General were made separate by the new OPEC Statute, adopted in Geneva by the 8th Meeting of the Conference in April 1965 (Res. VIII.56).*
3. *Appointed for the second half of Dr Rodríguez Araque's term, by the 120th Meeting of the Conference in June 2002 after the latter returned to Venezuela to head the state oil company, PDVSA.*
4. *Acting Secretary General as of January 2016 until the end of July 2016.*

OPEC (and non-OPEC) Bodies and Meetings

*The **176th Meeting of the OPEC Conference**, Vienna, 1 July 2019.*

*The **179th Meeting of the OPEC Conference**, via videoconference, 6 June 2020.*

*The 7th **OPEC and non-OPEC Ministerial Meeting**, Vienna, 6 December 2019.*

*The 11th **OPEC and non-OPEC Ministerial Meeting**, via videoconference, 6 June 2020.*

Joint Ministerial Monitoring Committee

*The **14th Meeting of the Joint Ministerial Monitoring Committee (JMMC)**, Jeddah, Saudi Arabia, 19 May 2019.*

*The **22nd Meeting of the JMMC**, via videoconference, 17 September 2020.*

Board of Governors

The ***155th Meeting of the OPEC Board of Governors****, Vienna, 28–29 October 2019.*

Economic Commission Board

The ***132nd Meeting of the OPEC Economic Commission Board (ECB)****, Vienna, 27–28 November 2019.*

Joint Technical Committee

*The **35th Meeting of the Joint Technical Committee (JTC)**, Vienna, 3 December 2019.*

*The **44th Meeting of the JTC**, via videoconference, 16 September 2020.*

OPEC and non-OPEC Countries Participating in the DoC

*The 6th **Technical Meeting of OPEC and Non-OPEC Countries Participating in the DoC**, Vienna, 29 November 2019.*

*The 7th **Technical Meeting of OPEC and non-OPEC Countries Participating in the DoC**, via videoconference, 4 June 2020.*

Selected OPEC Ministerial Conferences (outside Vienna)

***13th (Extraordinary) Meeting of the OPEC Conference**, Rome, Italy, 15–17 September 1967.*

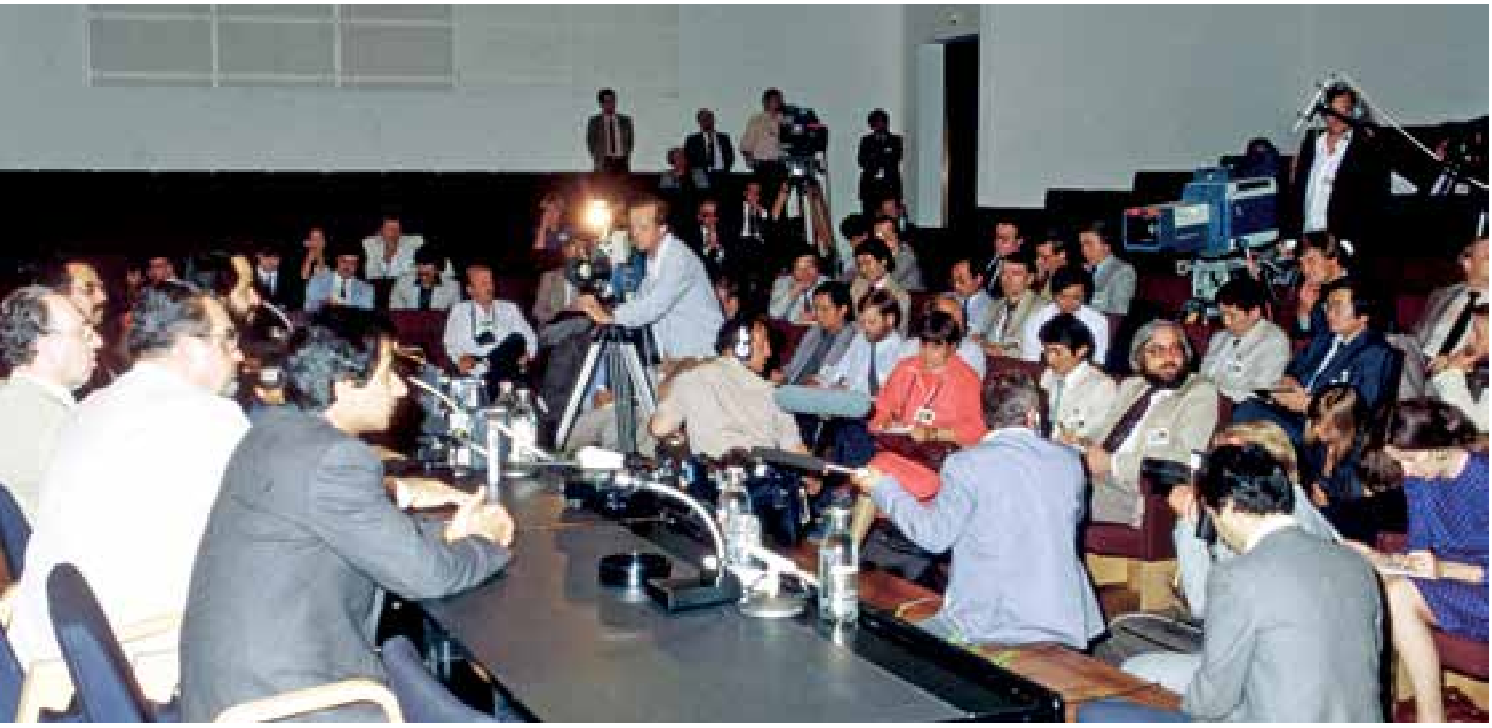
***44th Meeting of the OPEC Conference**, Libreville, Gabon, 9–11 June 1975.*

(outside Vienna)

***49th Meeting of the OPEC Conference**, Stockholm, Sweden, 12–13 July 1977.*

***56th (Extraordinary) Meeting of the OPEC Conference**, Taif, Saudi Arabia, 6 May 1980.*

67th (Extraordinary) ***Meeting of the OPEC Conference****, London, UK, 14 March 1983.*



68th Meeting of the OPEC Conference*, Helsinki, Finland, 18–19 July 1983.*

***78th Meeting of the OPEC Conference**, Brioni, Yugoslavia, 23–30 June 1986.*

***103rd Meeting of the OPEC Conference**, Jakarta, Indonesia, 24 November–1 December 1997.*

***121st Meeting of the OPEC Conference**, Osaka, Japan, 19 September 2002.*

***125th (Extraordinary) Meeting of the OPEC Conference**, Doha, Qatar, 11 June 2003.*

***131**[st] **(Extraordinary) Meeting of the OPEC Conference**, Beirut, Lebanon, 3 June 2004.*

***133**[rd] **(Extraordinary) Meeting of the OPEC Conference**, Cairo, Egypt, 12 December 2004.*

***135th Meeting of the OPEC Conference**, Isfahan, IR Iran, 13–15 March 2005.*

***138th (Extraordinary) Meeting of the OPEC Conference**, Kuwait City, Kuwait, 12 December 2005.*

***141st Meeting of the OPEC Conference**, Caracas, Venezuela, 1 June 2006.*

***143rd (Extraordinary) Meeting of the OPEC Conference**, Abuja, Nigeria, 14 December 2006.*

146th (Extraordinary) Meeting of the OPEC Conference*, Abu Dhabi, UAE, 5 December 2007.*

155th (Extraordinary) Meeting of the OPEC Conference*, Luanda, Angola, 16–22 December 2009.*

158th (Extraordinary) Meeting of the OPEC Conference*, Quito, Ecuador, 11 December 2010.*

170th (Extraordinary) Meeting of the OPEC Conference*, Algiers, Algeria, 28 September 2016.*

Acronyms and Abbreviations

Acronyms and Abbreviations

Acquired Immune Deficiency Syndrome (AIDS)
African Development Bank (ADB)
American Petroleum Institute (API)
Annual Statistical Bulletin (ASB)
Arab Development Portal (ADP)
Asia Pacific Energy Research Centre (APERC)
Barrels per day (b/d)
Board of Governors (BoG)
Bolivarian Alliance for the Peoples of our America (ALBA)
British Petroleum (BP)
Carbon Capture Utilization and Storage (CCUS)
Carbon Capture and Storage (CCS)
Carbon dioxide (CO_2)
Center for Strategic and International Studies (CSIS)
Central European Time (CET)
Charter of Cooperation (CoC)
Chief Executive Officer (CEO)
China National Petroleum Corporation (CNPC)
China Petroleum and Chemical Corporation (Sinopec)
Coalition for Rainforest Nations (CfRN)
Commodity Futures Trading Commission (CFTC)
Common Fund for Commodities (CFC)
Conference of the Parties (COP)
Conference on International Economic Cooperation (CIEC)
Coronavirus Disease 2019 (COVID-19)
Declaration of Cooperation (DoC)
Dollars per barrel ($/b)
Energy Information Administration (EIA)
Environmental Matters Unit (EMU)
European Bank for Reconstruction and Development (EBRD)
European Economic Community (EEC)

European Union (EU)
Gas Exporting Countries Forum (GECF)
Gigawatts (GW)
Greenhouse Gas (GHG)
Greenwich Mean Time (GMT)
Gross Domestic Product (GDP)
Group of 8 (G8)
Group of Twenty (G20)
Heavily Indebted Poor Countries (HIPC)
High-level Political Forum (HLPF)
His Royal Highness (HRH)
Human Immunodeficiency Virus (HIV)
Independent Petroleum Exporting Countries (IPEC)
Intergovernmental Negotiation Committee (INC)
Intergovernmental Panel on Climate Change (IPCC)
International Atomic Energy Agency (IAEA)
International Energy Agency (IEA)
International Energy Forum (IEF)
International Finance Corporation (IFC)
International Fund for Agricultural Development (IFAD)
International Maritime Organization (IMO)
International Monetary and Financial Committee (IMFC)
International Monetary Fund (IMF)
International Oil Companies (IOC)
International Petroleum Exchange (IPE)
International Petroleum Industry Environmental Conservation Association (IPIECA)
Islamic Development Bank (IsDB)
Joint Ministerial Monitoring Committee (JMMC)
Joint Organisations Data Initiative (JODI)
Joint Technical Committee (JTC)
Korean Development Bank (KDB)
Latin American Energy Organization (OLADE)
Like Minded Developing Countries (LMDC)
Long-Term Strategy (LTS)
Micro, Small and Medium-sized Enterprises (MSMEs)

Middle East Economic Survey (MEES)
Million barrels a day (mb/d)
Monthly Oil Market Report (MOMR)
National Development and Reform Commission (NDRC)
National Energy Administration (NEA)
National Oil Companies (NOCs)
Nationally Determined Contributions (NDCs)
New York Mercantile Exchange (NYMEX)
Non-centrally planned economy (non-CPE)
Oil and Gas Climate Initiative (OGCI)
OPEC Reference Basket (ORB)
Organization for Economic Co-operation and Development (OECD)
Organization of Arab Petroleum Exporting Countries (OAPEC)
Österreichische Volkspartei (ÖVP)
Railroad Commission of Texas (RRC)
Sozialistische Partei Österreichs (SPÖ)
Subsidiary Body for Implementation (SBI)
Sustainable Development Goals (SDGs)
UN Children's Fund (UNICEF)
UN Conference on Trade and Development (UNCTAD)
UN Development Programme (UNDP)
UN Economic and Social Council (ECOSOC)
UN Industrial Development Organization (UNIDO)
UN Security Council (UNSC)
United Arab Emirates (UAE)
United Nations Framework Convention on Climate Change (UNFCCC)
West Texas Intermediate (WTI)
World Energy Congress (WEC)
World Health Organization (WHO)
World Oil Outlook (WOO)

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