

# OPEC bulletin <sup>1/19</sup>



**175<sup>th</sup> Meeting of the OPEC Conference**  
**5<sup>th</sup> OPEC and non-OPEC Ministerial Meeting**

# OPEC

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# Unity & understanding

It was the painter Vincent Van Gogh who once said that “great things are done by a series of small things brought together.” This is evidently an apt statement for the first week of December 2018 that culminated in the unanimous decisions taken at the 175<sup>th</sup> Meeting of the OPEC Conference and the 5<sup>th</sup> Meeting of the OPEC and non-OPEC Ministerial Conference.

It was a week with a lot of moving parts, a plethora of meetings and one that required teamwork and collaboration from all those involved. Without doubt, it was a pivotal week for OPEC, and the ongoing success of the ‘Declaration of Cooperation’.

It had become evident during the fourth quarter of 2018 that there was a broad consensus that prospects for 2019 pointed to higher supply growth than expected global requirements, and there were also signs of a potential slowdown in demand, taking into account prevailing uncertainties.

Thus, it was vital for OPEC, and its non-OPEC partners in the ‘Declaration of Cooperation’, to thoroughly examine the potential gap between supply and demand in 2019, and to see how this might impact inventory levels, overall market and industry sentiment and the extremely ‘hard won’ market balance that has been achieved over the past two years.

As with any multi-party negotiations, it was vital to listen and address the points of view of all those involved, both individually and collectively. Once again, OPEC proved up to the task, with the OPEC Conference’s communiqué announcing that “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 barrels/day from October 2018 levels, effective as of January 2019, for an initial period of six months, with a review in April 2019.”

This was then followed by a communiqué from the 5<sup>th</sup> OPEC and non-OPEC Ministerial Meeting that included voluntary adjustment contributions from non-OPEC participating countries in the ‘Declaration of Cooperation’ of 400,000 b/d over the same time period.

Through compromise and collaboration, all participants in the ‘Declaration of Cooperation’ reached unanimous

decision; one that continues the efforts of the past two years to pursue a balanced, stable and sustainable global oil market, which serves the interests of consumers, producers, the industry and the global economy at large.

In speaking at the joint press conference at the end of the two ministerial meetings, Khalid A Al-Falih, Saudi Arabia’s Minister of Energy, Industry & Mineral Resources, noted that while the negotiations were extended “the spirit was very cordial, the level was extremely high, that the relationships between all ministers was friendly, business like, very conducive to building trust and we are confident we are going to deliver.”

In looking to the longer term, given the increasingly complex and interdependent world that we live in, OPEC believes that the core tenets of collaboration and fraternity among nations is the best way forward to overcoming challenges. Therefore, the two meetings also discussed ways and means to build on the success of the market stabilizing efforts of the ‘Declaration of Cooperation’ in the years ahead.

Both meetings pledged to further strengthen the historic cooperation within a framework under the draft *Charter of cooperation between oil producing countries*, which was endorsed in principle and is set to be finalized and ratified by the participating countries.

Experience has repeatedly shown us that the enduring principle of cooperation and the bravery to try something new, such as the ‘Declaration’, can bring about great success. It is OPEC’s aspiration that the cooperation with non-OPEC continues to go from strength-to-strength.

It proved to be an exhausting, but satisfying week. It was a reminder to us all that understanding is a two-way street, and in unity we can achieve wonderful things.

It was William Shakespeare who once wrote: “Things won are done; joy’s soul lies in the doing.” All those involved in achieving the decisions taken by the Ministerial meetings in the first week of December, should be satisfied with their great efforts.

Nonetheless, the Organization will not rest on any laurels; it remains fully focused on maintaining market balance, and sustaining the stability that all stakeholders desire. 



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**Cover**  
 This month's cover shows ministers and delegates who attended the 175<sup>th</sup> Meeting of the OPEC Conference and the 5<sup>th</sup> OPEC and non-OPEC Ministerial Meeting in December in Vienna (see stories on pp4–37).

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**OPEC Membership and aims**

OPEC is a permanent, intergovernmental Organization, established in Baghdad, on September 10–14, 1960, by IR Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. Its objective – to coordinate and unify petroleum policies among its Member Countries, in order to secure a steady income to the producing countries; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the petroleum industry. Today, the Organization comprises 14 Members: Libya joined in 1962; United Arab Emirates (Abu Dhabi, 1967); Algeria (1969); Nigeria (1971); Angola (2007); Equatorial Guinea (2017). Ecuador joined OPEC in 1973, suspended its Membership in 1992, and rejoined in 2007. Qatar joined in 1961 and left on December 31, 2018. Indonesia joined in 1962, suspended its Membership on December 31, 2008, reactivated it on January 1, 2016, but suspended its Membership again on December 31, 2016. Gabon joined in 1975 and left in 1995; it reactivated its Membership on July 1, 2016. The Republic of the Congo joined the Organization on June 22, 2018.



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### Contributions

The *OPEC Bulletin* welcomes original contributions on the technical, financial and environmental aspects of all stages of the energy industry, as well as research reports and project descriptions with supporting illustrations and photographs.

### Editorial policy

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# The 175<sup>th</sup> Meeting of the OPEC Conference

*The 175<sup>th</sup> Meeting of the OPEC Conference was held in Vienna on December 6 and 7, 2018. The meeting was held under the Chairmanship of Conference President, Suhail Mohamed Al Mazrouei, United Arab Emirates Minister of Energy and Industry, who also served as Head of the country's Delegation. The OPEC Bulletin provides the following overview of the meeting.*

In a meeting that extended over two December days, OPEC ministers and accompanying delegations gathered at the OPEC Secretariat in Vienna for the 175<sup>th</sup> Meeting of the OPEC Conference. The semi-annual gathering was an opportunity to analyze oil market developments since the Conference last met in June 2018, take stock of developments through the optics of the landmark 'Declaration of Cooperation', and look at possible ways forward as OPEC Member Countries, and their non-OPEC partners, look to maintain market balance and stability.

In his opening address, the President of the OPEC Conference, Suhail Mohamed Al Mazrouei, UAE Minister of Energy and Industry, began by welcoming everyone to the Conference. He also took the opportunity to offer "a very warm welcome to Thamir Abbas Ghadhban, Iraq's new Minister of Oil and head of its OPEC delegation," and added that the Conference expressed its "sincere thanks to his predecessor in office, Jabbar Ali Hussein Al-luiebi, who had diligently and attentively led his country's delegation to OPEC since 2016."

The Conference President also welcomed as observers to the meeting Dr Abdulhamid Alkhalifa, the new Director General of the OPEC Fund for International Development (OFID), and the Heads of Delegation of Bahrain, the Sultanate of Oman, South Africa and South Sudan.

## A positive year

In looking back on 2018, Al Mazrouei said that "I think we can all say it has been a positive year. We have witnessed positive progress on removing the inventory overhang, the market has seen further rebalancing and there has been excellent collaboration between OPEC and non-OPEC participants in the 'Declaration of Cooperation'."

In focusing on these positives, he acknowledged and commended "the achievements of OPEC Member Countries, as well as participating non-OPEC producers in the 'Declaration', for their continuous efforts over the past two years to pursue a balanced, stable and sustainable global oil market. This serves the interests of consumers, producers, the industry and the global economy at large."

In this regard, he added that it was also an opportune occasion to once again thank the Joint Ministerial Monitoring Committee (JMMC), the Joint Technical Committee (JTC), OPEC's Economic Commission Board and the OPEC Secretariat, who have all provided valuable guidance and assistance in the effective and efficient implementation of the 'Declaration'.

The 130<sup>th</sup> Meeting of the Economic Commission Board took place at the end of November 2018, the 23<sup>rd</sup> Meeting of the JTC



*Suhail Mohamed Al Mazrouei (c), President of the OPEC Conference 2018, Minister of Energy and Industry, United Arab Emirates; Ing Patricio Larrea (l), Chairman of the OPEC Board of Governors and Governor for Ecuador; and Mohammad Sanusi Barkindo (r), OPEC Secretary General.*

*Opening session of the 175<sup>th</sup> Meeting of the OPEC Conference.*





Algeria



*Mustapha Guitouni (c), Minister of Energy, Algeria; Eng Mohamed Hamel (r), Senior Advisor to the Minister and Algerian Governor for OPEC; and Dr Achraf Benhassine (l), Algeria's OPEC National Representative.*



Angola



*Dr Diamantino Pedro Azevedo (c), Minister of Mineral Resources and Petroleum, Angola; Estêvão Pedro (l), Angola's Governor for OPEC.*



Congo



*Jean-Marc Thystere Tchicaya, Minister of Hydrocarbons, Republic of the Congo.*



Ecuador



Eng Carlos E Pérez (seated l), Minister of Hydrocarbons, Ecuador; Eng Patricio Larrea (standing l), Ecuador's Governor for OPEC and Chairman of the Board of Governors; Eng José Antonio Cepeda Altamirano (standing c), Ecuador's National Representative; and other delegates.

was held on December 3 and the 12<sup>th</sup> Meeting of the JMMC took place on December 5. All three events provided important inputs for the 175<sup>th</sup> Meeting of the OPEC Conference, and the 5<sup>th</sup> Meeting of the OPEC and non-OPEC Ministerial Conference on December 7.

Al Mazrouei continued that there is “no doubt to date that the ‘Declaration’ has been a success, helping deliver more optimism to the market, confidence to the industry, and it has received backing from other producers, as well as from consumers, and various global institutions.”

### Work to be done

With eyes on 2019, the Conference President said to the assembled delegates that despite the success, “I think we can all recognize that our work is not done.”

He underlined a new set of challenges, including the general consensus that prospects point to higher supply growth than expected global requirements, as well as signs of a potential slowdown in demand.

Al Mazrouei stressed that it is vital that “we thoroughly examine the potential gap between supply and demand in 2019, and how this might impact inventory levels and the extremely ‘hard won’ market balance we have achieved over the past two years.”

He reiterated that “we need to focus our joint efforts on maintaining the balanced market we achieved in 2018; sustaining the stability we all desire; and, ensuring that there is a firm foundation to allow the industry to make the necessary investments to continue to meet expected future oil demand.”

Equatorial Guinea



Gabriel Mbaga Obiang Lima (c), Minister of Industry, Mines & Energy, Equatorial Guinea, with members of his delegation.

Gabon



Pascal Houangni Ambouroue (r), Minister of Petroleum and Hydrocarbons, Gabon; with Etienne Lepoukou (l), Gabon's Governor for OPEC.

IR Iran



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



Iraq



Thamir Abbas Al Ghadhban (seated c), Deputy Prime Minister for Energy Affairs and Minister of Oil, Iraq; with Alaa K Alyasri (seated r), Iraq's Governor for OPEC; and Ali Nazar Faeq Al-Shatari (standing r), Iraq's National Representative to OPEC; and other members of the Iraqi delegation.

He noted that “this will require us to change the strategy we took in June 2018.”

In talking about OPEC as an Organization, he highlighted that “we need to remind ourselves of the importance of a cooperative, agile, and forward-looking OPEC, and fully appreciate the value of the joint efforts with our non-OPEC friends through the historic ‘Declaration of Cooperation’.

“Experience has repeatedly shown us that the enduring principle of cooperation and the bravery to try something new, such as the ‘Declaration’, can bring about great success.”

Thus, he added, “it is essential that we look to move ahead with a more permanent relationship with our non-OPEC producers, in order to continuously adapt to ongoing market dynamics, and to help meet the challenges, as well as opportunities, that we will face in the months and years ahead.”

Kuwait



Proactive response

Following a full review of oil market developments since it last met in Vienna in June 2018 and the oil market outlook for the remainder for 2019, the Conference noted “the broad consensus on the prospects for 2019 that suggests higher supply growth than global requirements, taking into account prevailing uncertainties.”

It also emphasized that the “global economic growth outlook for 2019 is slightly lower than for 2018, which combined with the implications of macroeconomic policies and associated uncertainties, could potentially have ramifications for global oil demand next year.”

Bakheet S Al-Rashidi (c), (then) Minister of Oil, Minister of Electricity & Water, Chairman of the Board, Kuwait Petroleum Corporation (KPC); Haitham Al-Ghais (r), Kuwait's Governor for OPEC; and Sadiq Marafi (l), Kuwait's Ambassador to Austria.



Libya



*Mustafa Sanalla (c), Chairman of the National Oil Corporation and Head of the Libyan delegation; with other delegates.*



Nigeria



*Dr Emmanuel Ibe Kachikwu (c), Minister of State for Petroleum Resources, Nigeria; Dr Omar Farouk Ibrahim (l), Nigeria's Governor for OPEC; and Mele Kyari (r), Nigeria's OPEC National Representative.*



Qatar



*Eng Saad Sherida Al-Kaabi (c), Minister of Energy & Industry, Qatar; Issa Shahin Al Ghanim (r), Qatar's Governor for OPEC; and other delegates.*



Saudi Arabia 

*Eng Khalid A Al-Falih (c), Saudi Arabia's Minister of Energy, Industry and Mineral Resources; with other members of his delegation.*

United Arab Emirates 



*Eng Ahmed Mohamed Alkaabi, Governor for OPEC, United Arab Emirates.*

Venezuela 



*Manuel Salvador Quevedo Fernandez (l), People's Minister of Petroleum, Venezuela; Eng Angel Gonzalez Saltron (r), Venezuela's Governor for OPEC.*

With these issues in mind, the Conference observed the potential consequences of these developments on global inventory levels, as well as overall market and industry sentiment.

Following deliberations on December 6 and 7, the Conference decided, that in view of the current fundamentals and the consensus view of a growing imbalance in 2019, 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, with a review in April 2019.

In agreeing to this decision, Member Countries also “confirmed their continued focus on fundamentals for a stable and balanced oil market, in the interests of producers, consumers, and health and sustainability of the petroleum industry. Member Countries remain committed to being dependable and reliable suppliers of crude and products to global markets.”

The Conference also acknowledged the crucial role played by participating non-OPEC countries in the ‘Declaration of Cooperation’. In this regard, it stressed the importance of the 5<sup>th</sup> OPEC and non-OPEC Ministerial Meeting that would take place later in the day on December 7.

Moreover, the Conference, building on the success of market stabilizing efforts of the ‘Declaration of Cooperation’, which has been in the interest of producers, consumers, petroleum industry, as well the global

economy, pledged to “further strengthen its cooperation with non-OPEC participants within a framework under the draft *Charter of cooperation between oil producing countries*, which was endorsed in principle to be finalized and ratified by the participating countries.”

### Notifications and acknowledgments

The Conference also elected Manuel Salvador Quevedo Fernandez, People’s Minister of Petroleum of the Bolivarian Republic of Venezuela as President of the Conference for one year, with effect from January 1, 2019, and Mustapha Guitouni, Algeria’s Minister of Energy as Alternate President, for the same period.

The Conference paid a glowing tribute to the outgoing President of the Conference, Suhail Mohamed Al Mazrouei, for his exemplary leadership in 2018 (*see page 22*).

The Conference appointed Agustín Mba Okomo, Equatorial Guinea’s Governor for OPEC, as Chairman of the Board of Governors for the year 2019, and Etienne Lepoukou, Gabon’s Governor for OPEC, as Alternate Chairman for the same period.

The Conference also expressed its continued gratitude to the government and to the people of the Republic of Austria, as well as the authorities of the City of Vienna, for their warm hospitality and excellent arrangements for the Meeting. 



OPEC Fund for International Development



*Dr Abdulhamid Alkhalifa,  
Director-General, OPEC  
Fund for International  
Development (OFID).*



L–r: Alexander Novak, Minister of Energy of The Russian Federation; Suhail Mohamed Al Mazrouei, Minister of Energy and Industry, United Arab Emirates, President of the OPEC Conference 2018; and Mohammad Sanusi Barkindo, OPEC Secretary General.

# 5<sup>th</sup> OPEC and non-OPEC Ministerial Meeting

*The 5<sup>th</sup> OPEC and non-OPEC Ministerial Meeting of signatories to the ‘Declaration of Cooperation’ took place in Vienna on December 7, 2018. Attended by delegations from OPEC Member Countries, the ten participating non-OPEC producing countries, as well as a number of non-OPEC observers, the meeting was chaired by Suhail Mohamed Al Mazrouei, President of the OPEC Conference, and Minister of Energy and Industry, United Arab Emirates, and Alexander Novak, Minister of Energy of The Russian Federation. The OPEC Bulletin provides the following overview of the meeting.*



Azerbaijan



*Parviz Shahbazov, Minister of Industry and Energy, Azerbaijan.*

**O**n the afternoon of December 7, 2018, delegates gathered for the 5<sup>th</sup> OPEC and non-OPEC Ministerial Meeting. It was an opportunity to review the current market situation, the prospects for 2019, and to build on the decision taken earlier in the day at the 175<sup>th</sup> Meeting of the OPEC Conference.

Mohammad Sanusi Barkindo, OPEC Secretary General, opening proceedings by saying that it is “my distinct honour and privilege to invite this special Emirati, Suhail Mohamed Al Mazrouei of the United Arab Emirates, President of the OPEC Conference, who has helped us navigate through this monumental year to declare this Conference open.”

Al Mazrouei stated that it is “once again truly satisfying to see so many OPEC Ministers and other heads of delegation from non-OPEC producing countries here with us today. This is a sign that our ground-breaking cooperation continues to go from strength-to-strength.”

He personally welcomed his co-Chair for the meeting, Alexander Novak, Minister of Energy of The Russian Federation, and stated that “he has been a strong advocate and dedicated leader in the cooperation between OPEC and non-OPEC as we have sought to restore the much sought-after balance to the oil market.”

The Conference President noted that this is a framework for cooperation that remains open to all oil producers. In doing so, he also acknowledged a number of additional non-OPEC producers that were present as observers, Chad, South Africa, Uzbekistan, as well as the African Petroleum Producers Association.

Looking ahead, he added, “we welcome any new countries to join with us and work responsibly towards a

Bahrain



*Shaikh Mohammed bin Khalifa bin Ahmed Al Khalifa, Minister of Oil, Bahrain.*

Brunei Darussalam



*Dr Dato Mat Suny Hussein, Minister of Energy, Manpower and Industry, Brunei Darussalam.*



Kazakhstan



*Kanat Bozumbayev, Minister of Energy, Kazakhstan.*



Malaysia



*Hon Dato' Seri Mohamed Azmin Ali, Minister of Economic Affairs, Malaysia.*



Mexico



*Dr Alberto Montoya Martin del Campo, Mexico.*

balanced market, and sustaining the ‘hard won’ stability that has been achieved.”

### Remarkable difference

Al Mazrouei stated that “since the beginning of our cooperation back in January 2017, our countries have achieved a great deal of success. We have made a remarkable difference, through your support in a collective, equitable and transparent framework for cooperation.

He added that over the past two years, this has been driven by the OPEC and OPEC and non-OPEC Ministerial Meetings, and adeptly supported by the JMMC, the Joint Technical Committee (JTC) and the OPEC Secretariat.

These supporting bodies to the ‘Declaration’, alongside the OPEC Secretariat, he said, “have shown great fortitude, resolve and commitment in helping achieve the impressive results we have witnessed over the past two years. They are insightful and dynamic bodies, producing high quality market analyses and valuable insights.”

Collectively, Al Mazrouei noted, “we have reduced the inventory overhang and brought greater balance to the market. However, we have seen increased market volatility in recent months.”

### Maintaining market balance

The Conference President said that in looking to 2019, “it is vital that we all have a clear understanding of the potential impact of developments on supply and demand fundamentals.



Oman



*Dr Mohammed bin Hamad Al Rumhy, Minister of Oil and Gas, Oman.*

“Our focus needs to be on helping maintain the balance that has been achieved, and sustaining the stability that has been realized. It is vital that our hard-earned achievements are not compromised or lost.”

He emphasized the importance of collectively examining and assessing the outlook for 2019, and developing a viable plan to ensure that participants jointly take the necessary action to ensure the market remains balanced.

He added that in this increasingly complex and interdependent world, at OPEC “we believe in the core tenets of collaboration and fraternity among nations as the best solutions to overcoming challenges.

“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.”

### Readiness and commitment

Novak began his opening remarks by highlighting the second anniversary of the historic ‘Declaration of Cooperation’ and its impact on the global markets. In this regard, he said he would like “to thank everyone here that was part of this joint effort, for their readiness and commitment to executing the ‘Declaration of Cooperation’, as well as the results orientation we have seen.”

He made specific thanks to Al Mazrouei, referencing his personal contribution to the cooperation and the “special efforts in helping us reach consensus.” He

The Russian Federation



*Roman Marshavin, Director, Department of International Cooperation, Ministry of Energy, The Russian Federation.*

South Sudan



*Hon Ezekiel Lol Gatkouth (c), Minister of Petroleum, South Sudan.*



Chad



*Valerie Commelin,  
Downstream Advisor, Ministry  
of Energy and Petroleum,  
Chad.*



South Africa



*Thabane Wiseman Zulu, Director  
General, Department of Energy,  
South Africa.*

thanked Barkindo, for the highest level of hospitality, the very high level of professionalism and the first class research support from the OPEC Secretariat.

He also thanked Khalid A Al-Falih, Minister of Energy, Industry & Mineral Resources of the Kingdom of Saudi Arabia, and Chairman of the JMMC, stating that “you cannot overestimate the contribution and impact Al-Falih has made in helping stabilize the oil market. His wisdom, his leadership skills have helped us find decisions that are mutually beneficial and acceptable ones in difficult situations.”

Novak said that the “attention of the energy experts of the entire energy world is now on Vienna and the results of these talks.” In this regard, he added that he was “confident that our resolve, that our

professionalism, and our willingness to achieve results is as strong as ever.”

He noted that “given the current market conditions it is extremely important to send a strong signal to the market ... I believe that after a fundamental analysis that we have been conducting of the market situation, and that we will continue to do today, we will be ready to come to a mutual understanding on how to take our cooperation into the future.”

### Decisive action

The press release from the Meeting recalled the rights of peoples and nations to permanent sovereignty over their natural wealth and resources; recalled the ‘Declaration of



Uzbekistan



*Ulugbek Sayidov, First Deputy  
Chairman of the Board of  
Uzbekneftegaz JSC, Uzbekistan.*



African Petroleum Producers Association

*Mahaman Laouan Gaya,  
Executive Secretary, APPA.*

Cooperation' reached on December 10, 2016, between OPEC and non-OPEC producing countries; and reaffirmed the continued commitment of the participating producing countries in the 'Declaration of Cooperation' to a stable market, the mutual interest of producing nations, the efficient, economic, and secure supply to consumers, and a fair return on invested capital, and noting the overall improvement in market conditions and sentiment, and the return of confidence and investment to the oil industry.

Accordingly, the 5<sup>th</sup> OPEC and non-OPEC Ministerial Meeting, following deliberations on the immediate oil market prospects and in view of a growing imbalance between global oil supply and demand in 2019, "hereby decided to adjust the overall production by 1.2 million b/d, effective as of January 2019 for an initial

period of six months. The contributions from OPEC and the voluntary contributions from non-OPEC participating countries of the 'Declaration of Cooperation' will correspond to 800,000 b/d, and 400,000 b/d, respectively."

The decision was in line with that taken at the 175<sup>th</sup> Meeting of the OPEC Conference earlier on December 7.

Moreover, the Meeting emphasized the support and commitment of all participating countries in the 'Declaration of Cooperation' to build on the success achieved thus far, through further institutionalizing the framework for regular and lasting cooperation under the draft *Charter of cooperation between oil producing countries*, which was endorsed in principle and to be finalized and ratified by the participating countries. ❁



Conference Notes

## Joint Press Conference

*Following the end of the 5<sup>th</sup> OPEC and non-OPEC Ministerial Meeting, a Joint Press Conference was undertaken by Suhail Mohamed Al Mazrouei, President of the OPEC Conference, and Minister of Energy and Industry, United Arab Emirates; Alexander Novak, Minister of Energy of The Russian Federation; Khalid A Al-Falih, Minister of Energy, Industry & Mineral Resources, Kingdom of Saudi Arabia; and Mohammad Sanusi Barkindo, OPEC Secretary General. The following are some of the key excerpts from the press conference.*

***Suhail Mohamed Al Mazrouei***  
*President of the OPEC Conference, and  
 Minister of Energy and Industry, UAE*

“We are proud of our partnership with our friends from non-OPEC; the number of interested countries and observers is increasing, which is a good sign.”



At the Joint Press Conference of the 175<sup>th</sup> Meeting of the OPEC Conference and the 5<sup>th</sup> OPEC and non-OPEC Ministerial Meeting are (seated l-r): Alexander Novak, Minister of Energy, The Russian Federation; Eng Khalid A Al-Falih, Saudi Arabia's Minister of Energy, Industry and Mineral Resources; Suhail Mohamed Al Mazrouei, President of the OPEC Conference 2018, and Minister of Energy and Industry, United Arab Emirates; Mohammad Sanusi Barkindo, OPEC Secretary General; Tofol Al-Nasr, Officer-in-Charge, OPEC's PR & Information Department; and Pavel Sorokin, Deputy Energy Minister, The Russian Federation.

"I think this [the initialling of the draft *Charter of cooperation between oil producing countries*] is a major step forward in the fact that we promised to deliver you something during this year and I would like to thank Alexander Novak and all of our friends from non-OPEC for their support, their stewardship and also their interest to keep working with us."

**Alexander Novak**  
Minister of Energy, The Russian Federation

"Today's decision for the extra production adjustments has been very timely, very rational and very technocratic."

"As a result of the work done over the past three days, which I can say was very challenging, we have made very important decisions. I am talking about cooperation in the long run, as well as cooperation during the next six months."

"During the past two years our cooperation has shown the market its effectiveness and the positive results it has brought to the market. We have shown the market that through our joint action we were able to overcome the consequences of one of the most severe market crisis' in a much faster timespan and we have also shown we can react to market challenges, both on the way up and on the way down."

**Khalid A Al-Falih***Minister of Energy, Industry & Mineral Resources, Kingdom of Saudi Arabia*

“Express appreciation to the colleagues who are with me on the stage for their leadership and contribution, not only over the past few days in Vienna, but through this process. It is a continuous process of working together, monitoring, adjusting, convincing and trying to get alignment in joint decision making.”

“Saudi Arabia is committed to market stability. Our guiding principle is balancing supply and demand to the maximum degree possible.”

“I assure you that Saudi Arabia will more than bear its share as we have always done historically, but certainly as we have done in the first 18 months [of the ‘Declaration of Cooperation’] when we were leading by example ... We say what we mean and we deliver what we say.”

“It is natural when you have multi-party negotiations

that each party will attempt to maximize for their own. Therefore, you have to address them individually and collectively. We have countries with companies that indirectly get into the calculations and constraints with their ministers. Many ministers have ultimately to go back to their governments and seek approval. That is the dynamic nature that we have to work within. Considering all this, I can assure you that the spirit was very cordial, the level was extremely high, that the relationships between all ministers was friendly, business like, very conducive to building trust and we are confident we are going to deliver.”

“I would also like to acknowledge the role of every single country that was part of this because decisions cannot be made without involvement of the leaderships of our countries, they are extremely important for the market and our countries.”

**The Joint Ministerial Monitoring Committee (JMMC)**

*The 12<sup>th</sup> Meeting of the Joint Ministerial Monitoring Committee took place on December 5, 2018.*



*Opening of the JMMC (l–r): Pavel Sorokin, Deputy Energy Minister, The Russian Federation; Alexander Novak, Minister of Energy, The Russian Federation; Eng Khalid A Al-Falih, Saudi Arabia’s Minister of Energy, Industry and Mineral Resources; Mohammad Sanusi Barkindo, OPEC Secretary General; Suhail Mohamed Al Mazrouei, President of the OPEC Conference 2018, and Minister of Energy and Industry, United Arab Emirates.*

“I am estimating and guessing and know for a fact that oil and gas producers in the US are probably breathing a sigh of relief that we are providing some certainty, visibility for 2019 so they can approve their capital budgets in the next week or two and avoid releasing rigs and laying off people and disrupting some of their expansion plans. So I think we are doing the right thing. President Trump has announced energy policy which wants the oil and gas industry in the US to grow. We have no problem with that, we want to facilitate that. Hopefully we can grow together, not one at the expense of another. And I think by keeping markets in a moderate track going forward, we will achieve that.”

“Ironically many consumers in developed countries are suffering high cost energy, not because of the impact of what we decide here, it is insignificant compared to what is being decided by governments through taxation. Many governments have twice as much in tax as is the cost of oil, which includes the cost of producers, companies that produce and transport it, as well as the government take from producing nations. So, I just want everybody to know that we share that interest in keeping energy accessible and affordable and nothing we do in

our cooperation is going to squeeze consumers beyond what they can afford.”

### **Mohammad Sanusi Barkindo** *Secretary General, OPEC*

“We were all focused as expected on the short term market conditions and the great efforts of the President and his colleagues in the Conference to rise to the challenge once again and come to this agreement, which is a major success in the process of sustainable stability in the oil market. But one other major achievement of this Conference is that we were able to get a consensus, both within OPEC and non-OPEC, to proceed with discussions on the ‘Declaration of Cooperation’ and the *Charter* that will further bind us in the medium- and long-term.”

“I would like, on behalf of the OPEC Secretariat, to thank this Emirati [Al Mazrouei], who has really done a good job over the course of the year and in very difficult circumstances.”

## **The Joint Technical Committee (JTC)**

*The 23<sup>rd</sup> Meeting of the Joint Technical Committee was held in Vienna on December 3, 2018.*



# Suhail Mohamed Al Mazrouei: a prolific and productive 2018 Conference Presidency



*Suhail Mohamed Al Mazrouei, Minister of Energy and Industry, United Arab Emirates, and President of the OPEC Conference in 2018.*

**T**he Oxford Dictionary defines statecraft as “the skillful management of state affairs, statesmanship.” Suhail Mohamed Al Mazrouei, Minister of Energy and Industry of the United Arab Emirates, President of the OPEC Conference in 2018, has shown himself to be the consummate practitioner of the art of statecraft, inspiring the Organization to attain significant feats in 2018.

The year was always going to be daunting for OPEC. The positive momentum generated by the successful first year of implementing the ‘Declaration of Cooperation’ had to be sustained and capitalized upon. As market fundamentals evolved and new dynamics emerged, OPEC and its non-OPEC partners needed to respond and react accordingly.

Al Mazrouei navigated these challenges with outstanding skill, dexterity and diplomatic savvy. Not only did he keep the ‘Declaration of Cooperation’ partners together, he oversaw a flowering of the relations.

Speaking at the 175<sup>th</sup> Meeting of the OPEC Conference, held in Vienna, Austria, Mohammed Sanusi Barkindo, the OPEC Secretary General, said that as President of the Conference for 2018, Al Mazrouei has “guided our Organization with immense skill, diplomatic tact and statesmanship. During this time, OPEC and its non-OPEC partners had the onerous task of implementing their voluntary production adjustments. Yet this was successfully delivered, while building the longer-term relationships that I am confident will support OPEC and its partners well in to the future.”

In his role as President of the OPEC Conference in 2018, Al Mazrouei participated in more than 40 events and meetings with a broad cross-section of stakeholders. This included, IP week in London, the IEF Ministerial meeting in New Delhi, India, CERA Week in Houston, the Stampede Investment Forum in Canada, OPEC’s 7<sup>th</sup> International Seminar in Vienna, and ADIPEC in Abu Dhabi.

Al Mazrouei has proven particular adept in his interactions with

the world's media, fostering good relations with a broad range of journalists. His performances at press conferences that have followed critical OPEC meetings have been met with great aplomb.

## Highlights

There have been many highlights throughout this year of the Emirati Presidency. The 7<sup>th</sup> OPEC International Seminar June 20–21, 2018, was executed to critical acclaim. The decisions of the 174<sup>th</sup> and 175<sup>th</sup> Meetings of the OPEC Conference, and the 4<sup>th</sup> and 5<sup>th</sup> Meetings of the OPEC and non-OPEC Ministerial Conferences, have shown that the 'Declaration of Cooperation' partners can be flexible and adaptive in their strategy of contributing to sustainable oil market stability. There were also the successful JMMCs held in Muscat, Oman; Jeddah, Saudi Arabia; Algiers, Algeria and Abu Dhabi, in the UAE.

The warm hospitality of the good people of the UAE is legendary and the OPEC family felt this first hand when they descended on Abu Dhabi for the 22<sup>nd</sup> Meeting of the JTC on November 10, 2018, and the 11<sup>th</sup> Meeting of the JMMC on November 11. Al Mazrouei was an exceptional host and every participant felt honoured to be in the city. This was followed by the very successful convening of the 21<sup>st</sup> edition of ADIPEC, another enduring testimony to the magnificence of the UAE as a leading venue for premier events in the energy calendar.

The overwhelming consensus of all observers and his peers is that Al Mazrouei has been an extremely successful president of the OPEC Conference. All who work closely with him have been impressed by his professionalism, dedication and fundamental decency. His humility has made him an extremely pleasant colleague and a magnificent ambassador for his country, OPEC and indeed the oil industry.

## Personal reflections

In talking about his OPEC Presidency in 2018, Al Mazrouei has said: "It was an honor to hold this Presidency, particularly during the Year of Zayed, a year in which we celebrate the memory of the UAE's founding father, Sheikh Zayed bin Sultan Al Nahyan, of blessed memory. Sheikh Zayed was renowned for his strong belief in the value of diplomacy, dialogue and collaboration, attributes that have served OPEC and its partners well in 2018.

It was particularly pleasing, following a significant dialogue and engagement during the course of the year, that OPEC and our non-OPEC partners initialed a historic agreement at our December meeting to institutionalize our future cooperation. We look forward to finalizing this important Charter in 2019. By working collaboratively, I am confident that we will be able to bring balance and stability to the oil market in the years ahead." 



# OPEC elects Manuel Salvador Quevedo Fernandez as Conference President in 2019



*Manuel Salvador Quevedo Fernandez, People's Minister of Petroleum of the Bolivarian Republic of Venezuela, President of the OPEC Conference for 2019.*

In the press release issued at the end of the 175<sup>th</sup> Meeting of the OPEC Conference it was announced that the Organization had elected Manuel Salvador Quevedo Fernandez, People's Minister of Petroleum of the Bolivarian Republic of Venezuela as President of the Conference for one year, with effect from January 1, 2019.

Quevedo Fernandez became the People's Minister of Petroleum and President of Petr6leos de Venezuela, SA (PDVSA), in November 2017. He had previously been People's Minister of Habitat and Housing, President of the Great Mission Barrio Nuevo Barrio Tricolor, and has also served in various high-level military and other government roles.

During his time as People's Minister of Petroleum, Quevedo Fernandez has spoken at various industry conferences around the world, promoting Venezuela and its oil industry. He was a keynote speaker at the 7<sup>th</sup> OPEC International Seminar in June 2018 where he underscored the importance of OPEC's unity and the undeniable fact that the world is increasingly built on, and reliant on, 'interdependence', saying that "the future of Venezuela is OPEC."

Quevedo Fernandez has attended the last three OPEC Ministerial Conference Meetings, as well as the last three Meetings of the OPEC and non-OPEC Ministerial Conference, all of which have proven to be pivotal in strengthening the ongoing 'Declaration of Cooperation'.

The Minister was also in attendance when OPEC Secretary General, Mohammad Sanusi Barkindo, met with Nicol6s Maduro Moros, the President of Venezuela, in Caracas in February 2018.

In 1987, Quevedo Fernandez received a Bachelor of Science and Military Arts, with a specialization in Public Administration EFOFAC, Venezuela. In 1994, he received a Bachelors in Fiscal Science, with a specialization in Public Finance, ENAHP, Venezuela. And in 2005, he received a Masters of Business Administration from the Queens University of Charlotte, North Carolina, US. 

# OPEC Conference welcomes new Iraqi Oil Minister

**A**t the start of the 175<sup>th</sup> Meeting of the OPEC Conference, the OPEC Conference offered a very warm welcome to Thamir Abbas Ghadhban, Iraq's new Deputy Prime Minister for Energy Affairs and Minister of Oil, Iraq, and head of its OPEC delegation.

Ghadhban assumed the role as Iraq's Oil Minister in November 2018, but he is no stranger to the Organization. He was also Minister of Oil from June 2004–May 2005 and led Iraq's delegation to the OPEC Ministerial Conference in 2004.

In a letter welcoming Ghadhban to his position, Mohammed Sanusi Barkindo, the OPEC Secretary General, said that “your decades of industry experience, including heading the Oil Ministry in 2003 and then from 2004–05, and your undoubted leadership and dedication will be vital to both Iraq, at a time of rapid growth and dynamic challenges for your country, and to OPEC, as an organization, as we look to institutionalize the ‘Declaration of Cooperation’ with our non-OPEC partners.”

The new Minister's career in Iraq's oil industry spans

over three decades. He began as a petroleum engineer, rising to Director General of Reservoirs and Field Development in the Ministry of Oil and later, Director General for Planning. He also played a leading role in rehabilitating the severely damaged oil industry after 2003.

From 2005, he was a member of the National Assembly in Iraq and member of the committee tasked with drafting a new constitution for the country. He was also Chairman of the Advisory Commission for the Prime Minister from 2007–15, and has been an energy adviser to Iraq's Prime Minister.

He has represented Iraq on the Executive Board of OPAEC and has been a frequent lecturer and keynote speaker at international conferences and seminars.

Ghadhban was awarded the OPAEC Scientific prize in 2000; is a three time holder of the Iraqi Ministry of Oil Scientific Award for Excellence; was awarded Order of the Rising Sun, Golden and Silver Star, from Emperor Akihito of Japan in May 2016; and in April 2017, he was the recipient of the Iraq Energy Forum award for significant contribution to the development of Iraq's energy sector. 🇮🇶



*Thamir Abbas Ghadhban, Deputy Prime Minister for Energy Affairs and Minister of Oil, Iraq.*

## Ministerial interviews

### **Suhail Mohamed Al Mazrouei**

*President of the OPEC Conference 2018,  
Minister of Energy and Industry, United Arab  
Emirates*

In recalling his year as OPEC Conference President, Suhail Mohamed Al Mazrouei, Minister of Energy and Industry, United Arab Emirates said that it had been “very interesting and very challenging.”

He noted that “we set ourselves a big challenge at the beginning of the year; we had the aspiration to reach market balance. Of course, no-one could have predicted what could happen. We managed together with OPEC and non-OPEC to not only keep them together but to deliver on the overall target, which is market stability.

“The Charter is another promise that we put and we delivered on it. I think it has been a rewarding year, because of the support of everyone. We really appreciate the work of every country and it has also been a successful Conference here in Vienna. In terms of the United Arab Emirates, we hosted the JMMC in Abu Dhabi and I think overall to me it was a great experience. Yes, it was hard work, but it was a rewarding year and then to finish it up with this historical agreement.”



*Suhail Mohamed Al Mazrouei.*

### **Gabriel Mbanga Obiang Lima**

*Minister of Mines, Industry and Energy,  
Equatorial Guinea*

Gabriel Mbanga Obiang Lima, Minister of Mines, Industry and Energy, Equatorial Guinea, stressed that the ‘Declaration of Cooperation’ had “definitely been something extremely positive for us in Equatorial Guinea.” It is clear, he added, that “the ‘Declaration’ has been the best thing for oil producers in the world”, and has helped deliver greater stability.

He noted that “we see the ‘Declaration’ as one of the first steps in deciding to join OPEC. You will remember in the initial ‘Declaration’ there was an invitation also to Equatorial Guinea as non-OPEC to participate. We did sign the initial ‘Declaration’, and it was through these discussions that we decided that it would be more beneficial for Equatorial Guinea to be an OPEC Member.”

In terms of OPEC Membership, Obiang Lima stressed that his country had “gained a lot of experience” through such areas as data and the capacity that OPEC has to support its Member Countries. “We have benefitted from seminars that have helped us on the evaluation



*Gabriel Mbanga Obiang Lima.*

of the data. And at the same time we have catapulted Equatorial Guinea to a new level regarding investment and reputation.”

In looking at 2019, Obiang Lima said he was optimistic about new investments and added that “we have baptized 2019 as the ‘Year of Energy’.” He stated that: “We are going to have two big events. One is going to be in April called the APPO CAPE VII Congress and Exhibition, at which African ministers of oil and gas are going to be in Equatorial Guinea. And at the end of the year we will organize the 5<sup>th</sup> Gas Summit of the Gas Exporting Countries Forum.”

Of course, he said “this will put Equatorial Guinea at the centre of energy not only for the continent, but also the world. So we are very happy about that.”

At the same time in 2019, he said “we are going to have new investment in some of our brown fields. We have 11 new exploration wells in areas where we are very confident of discoveries. This is clearly a very interesting part. We also will organize another round, but this has brought a lot of interest and this is critical in exploration because a lot of new companies are coming to drill.”

### ***Dato Mat Suny Hussein***

*Minister of Energy, Manpower and Industry, Brunei Darussalam*

In talking about the second anniversary of the ‘Declaration of Cooperation’, Dato Mat Suny Hussein, Minister of Energy, Manpower and Industry, Brunei Darussalam, said that “we have been very pleased with the outcome so far and we are of course looking for stability; it is very important to us, especially for Brunei, because much of our income comes from oil and gas.”

He added that his country is keen to “ensure that there is going to be some form of stability for the next several years, because in Brunei we are looking at other industries, to diversify, not just relying on the oil and gas industry.” He stated that about 55–60 per cent of the country’s GDP currently comes from oil and gas.

In terms of current production levels, he said that oil was currently around 130,000 b/d and added that he hoped that ongoing rejuvenation work, given that “our platforms offshore are very, very old and because oil was first discovered in 1929 in Brunei” will help stabilize production at this level.



*Dato Mat Suny Hussein.*

### ***Dato’ Seri Mohamed Azmin Ali***

*Minister of Economic Affairs, Malaysia*

Dato’ Seri Mohamed Azmin Ali, Malaysia’s Minister of Economic Affairs said that he is “glad that Malaysia is very committed to ensure that this cooperation will continue and we will strengthen our participation, even though we are a small producer of oil we are very committed to ensure the stability and in the spirit of solidarity we have



*Dato’ Seri Mohamed Azmin Ali.*

been complying to the understanding we achieved in early 2017.”

He added that “under the new leadership of Dr Mahathir Mohamad, the Prime Minister of Malaysia and also the new government of Malaysia, I am here to express our commitment to the OPEC Secretariat where Malaysia will play a very supportive role to ensure that the market is stable and we will support the initiative of OPEC.”

In talking about Malaysia’s oil industry, Azmin Ali said that “Petronas, which is our national oil company, has played a very important role not only in Malaysia but also abroad, including in African countries. We will continue to play our role abroad and we believe with the technology, the experience that we have, we can work together and strengthen economic ties with Members of OPEC and non-OPEC.”

He also noted that “we want to diversify activities, not only producing crude oil, but we want to develop new products because we need to ensure the industry will continue to grow, with an increased focus on the downstream. And Petronas has the expertise in these areas and certainly they need the support of the Malaysian government and the new government will do so to ensure that this will help to grow our domestic economy.”

### ***Dr Mohammad bin Hamad Al Rumhy*** *Minister of Oil & Gas, Oman*

In responding to a question about the second anniversary of the ‘Declaration of Cooperation’ Dr Mohammad bin Hamad Al Rumhy, Minister of Oil & Gas, Oman said that “it is big. We have never done it before, the number speaks for itself, 24 countries and we hope more will join, and the achievements were more than I expected.

“For many of us, if not all of us, I think all of us; we need this ‘Declaration’, or this kind of cooperation. We need to continue with the journey. Although there will be some bumps expected, I am sure common sense will prevail and the ‘Declaration’ will prove itself that it was the right thing, is the right thing, and will be the right thing to proceed for the coming years.”

He added that it has been “more successful than I expected. Luckily it’s been very well handled by everyone. And the spirit is excellent.” He also stressed that



*Dr Mohammad bin Hamad Al Rumhy.*

he has a lot of admiration for the small producing nations, “they appreciate the importance of cooperating with each other for the industry and for the benefit of everyone, consumers, as well as us, the producers and exporters.”

In terms of developments in Oman, Al Rumhy said “like everybody else when things are tough you find ways to optimize, to cut costs, to improve efficiency, and sometimes when you merge organizations, you may realize synergies and you may remove duplication, and who knows we may cut costs and spend less and that is the objective really.

“We had two big organizations doing the same thing and we decided why two, why can’t we have one? They are merging now to form an integrated oil and gas company upstream, midstream, downstream, investment inside and outside Oman. Everything under one roof, under one management, one board.” He added that “I am seeing the future brighter, better and busier in the coming years.”

### ***Alexander Novak*** *Minister of Energy, The Russian Federation*

Alexander Novak, Minister of Energy, The Russian Federation stated that “it has been a challenging year, a



*Alexander Novak.*



*Hon Ezekiel Lol Gatkuoth.*

lot of work going into this year to bring everybody together and again to reach this decision today.”

He added that that year has been “plagued by a lot of difficulties and very big swings in the market environment and market fundamentals. We started the year with rebalancing the market, then we saw a significant deficit in the summer and had to adjust and then when it swung into surplus mode we made this decision that you saw today to avoid a surplus in the market. And the unity of the countries was extremely important in reaching this, it has allowed them to go towards their goal of having a stable market.”

In looking ahead, Novak said that we “see the importance of cooperation in the future in order to achieve a more stable market. The Russian Federation supports cooperation along the same lines that we saw here in the past two years.”

### ***Hon Ezekiel Lol Gatkuoth*** *Minister of Petroleum, South Sudan*

Hon Ezekiel Lol Gatkuoth, Minister of Petroleum, South Sudan, initially spoke about the positive leadership role being played by the OPEC Secretary General, Mohammad Sanusi Barkindo. “As a non-OPEC country who is also producing, we are very happy with the role

the Secretary General has been playing. We are also very happy that Russia and Saudi Arabia and all the big players are working very closely with us as non-OPEC countries.”

He said “the ‘Declaration’ has had an impact on the stabilization of the oil market. We have been supplying our customers with crude and refined products and I think this ‘win-win’ solution for all of us is appreciated by our customers and we are actually meeting demand and this is what we will continue to do.

“It is a very exciting time. And it is a sign that when you work together and cooperate together, then you can actually have a solution to anything.”

In regards to development plans in South Sudan, the minister said that the country is looking to further rehabilitate the industry and the country is open to investments.

“We have ten blocks that are available. Investment opportunities are there, it is very favourable to investors and we will make sure we are working together. Of course, if the demand is there, we will be there to supply it. The availability of products is key in this oil market.”

He also stated that the country’s first refinery will be ready in March 2019. “We will be refining to meet local demand, and if we refine more we can export to the region.”



Conference Notes



## *Impressions of the OPEC Conference ...*





*Gala dinner*

# Historical setting for historical cooperation



*The Liechtenstein Garden Palace was the venue for the gala dinner.*

***The Liechtenstein Garden Palace was the venue for a very special gala dinner on December 6, 2018, which commemorated the second anniversary of the ‘Declaration of Cooperation’. The OPEC Bulletin examines how this venue, which is steeped in history, was a fitting location for the celebration.***

## **The Principality and House of Liechtenstein**

The Principality of Liechtenstein is a unique country in a litany of ways. It remains the last existing remnant of the Holy Roman Empire, which characterized the map of Europe for nearly a millennium. It is the only German speaking country in the world with a monarchy. Additionally, given its success in downhill skiing, Liechtenstein has won more Olympic medals per capita than any other nation. This success has resulted in

Liechtenstein being the world’s smallest nation to ever win a medal in any Olympics, be that winter or summer, and the only nation to win a medal in the Winter Games, but not in the Summer Games.

The year 2019 marks a special anniversary for Liechtenstein. The Principality celebrates its tricentennial. On January 23, 1719, the Holy Roman Emperor, Charles VI, decreed that Vaduz and Schellenberg be united and elevated to the dignity of Fürstentum (principality) with the name ‘Liechtenstein’. From that moment Liechtenstein was a sovereign state.



*Delegates take receipt of a special token on the occasion of the 2<sup>nd</sup> Anniversary of the 'Declaration of Cooperation'.*

However, at that time the princely family possessed other properties throughout the Empire, including in Moravia and Austria. It would be another 100 years before the princely family actually visited the territory that is now Liechtenstein.

Some of these properties were in Vienna, the crown jewel of which was the Liechtenstein Garden Palace. It was here that the OPEC held their gala dinner to commemorate the Second Anniversary of the historic 'Declaration of Cooperation'. Away from an otherwise intensive cycle of meetings and negotiations, the dinner offered a



*Mohammad Sanusi Barkindo, OPEC Secretary General, during the opening ceremony.*

chance to reflect on the journey of the ‘Declaration of Cooperation’ and the progress achieved to date.

### Gumpoldskirchner Spatzen

Music was provided by the extremely talented children of the Gumpoldskirchner Spatzen, Wiener Opernkinderchor. Led by Prof Elisabeth Ziegler, Künstlerische Leiterin, the choir sang ‘An der schönen blauen Donau’ (On the beautiful Danube), ‘Da Adler’ and ‘Edelweiß’ (from the ‘Sound of Music’) to a captivated audience. OPEC Secretary General, Mohammad Sanusi Barkindo, spoke for everyone in the room when he said, “the exquisiteness of the music, as well as the incredible, superlative talent of the young people is moving. There is nothing more life-affirming as being around talented young people who are demonstrating their God-given gifts!”

### Stability-innovation-sacrifice

There are many reasons why the Liechtenstein Palais was such a fitting venue for the commemoration evening, but three themes particularly connect the Palace and the ‘Declaration of Cooperation’: stability; innovation and sacrifice.

The palace is a testimony to the vision, good-taste and activism of Prince Johann Adam Andreas von

Liechtenstein (1657–1712). In 1687, Johann Adam purchased property in the outlying Rossau district, which was then beyond the city limits of Vienna, for the construction of a summer palace and garden. The timing of this is immensely significant. Just four years previously, Johann Adam would not have made such an investment.

The reason is that up until 1683, war and conquest threatened the existence of Vienna. For two months in 1683, the city was under siege from the Ottoman Empire. Capturing the city of Vienna had long been a strategic aspiration of the Ottoman Empire. In that year, the Ottomans were decisively defeated by the combined forces of Emperor Leopold I, the King of Poland and the Electors of Bavaria and of Saxony. As the spectre of invasion subsided and peace followed, Vienna enjoyed decades of relative security and stability. This meant the city could grow and expand beyond the inner city walls and, hence, Johann Adam could invest in the property in which the gala dinner took place. So if you consider that historical context, the magnificent palace is a monument to the timeless truism that stability begets investment.

The resonance of this theme with the ‘Declaration of Cooperation’ was not lost on the attendees at the gala dinner. The core aim of the ‘Declaration’ has been contributing to oil market stability in the interests of producers, consumers and the global economy. An aim of this has been to attract a return of investments necessary

*The children of the Gumpoldskirchner Spatzen, Wiener Opernkinderchor, led by Prof Elisabeth Ziegler.*





Delegates touring the paintings on exhibit in the Palais Lichtenstein.

to ensure that the industry meets the demand needs of the future.

### Innovative architecture

The Secretary General then reminded the attendees of just how novel the palace was when first constructed. “Innovation is also seen in the fact that this was one of the first major examples of High Baroque Architecture in Vienna. The stucco ceilings combine with opulent Rococo Revival interiors, massive chandeliers and colorful silk wall-hangings,” said the Secretary General.

Innovation is also a central component of the ‘Declaration of Cooperation’. Barkindo said: “For the first time in the long history of our industry, 25 oil producers came together to take concerted action in the interests of producers and consumers. Conformity levels have broken record after record. The impact of the ‘Declaration of Cooperation’ has transformed the global oil market as much as this Palace revolutionized architectural tastes in this city.”

### Rubens’ Decius Mus cycle

One artist that the Garden Palace is particularly synonymous with is the Flemish master, Peter Paul Rubens. For many centuries one of the prized possessions in the exquisite Princely Collection was Rubens’ Decius Mus cycle. This

is a series of eight paintings, modelli for tapestry weavers throughout Europe to recreate, which depict the life of the Roman consul Decius Mus.

Decius Mus was a Roman Consul who was immortalized by the historian Livy in his Magnum Opus, ‘*Ab Urbe Condita Libri*’, which chronicled the history of Rome from the legends of city’s earliest foundation to the reign of Augustus during Livy’s own lifetime. The Decius Mus legend took place during the Battle of Vesuvius, part of the Latin Wars.





*... delegates and guests enjoying the gala dinner at the magnificent Liechtenstein Garden Palais.*

As the Kunsthistorisches Museum explains: “According to the account given by the Roman historian Livy, the inhabitants of the plain of Latium rose up against Roman rule in 340 BC. With superior numbers, they challenged the Roman army to join battle. In the night before the battle, both the Roman commanders, the consuls Decius Mus and Titus Manlius, had the same dream prophesying that the Romans would only be victorious if one of the two commanders devoted himself to the gods of the Underworld. From the liver of a sacrificed bull Decius Mus finally learned, that that he was the one to sacrifice himself.”

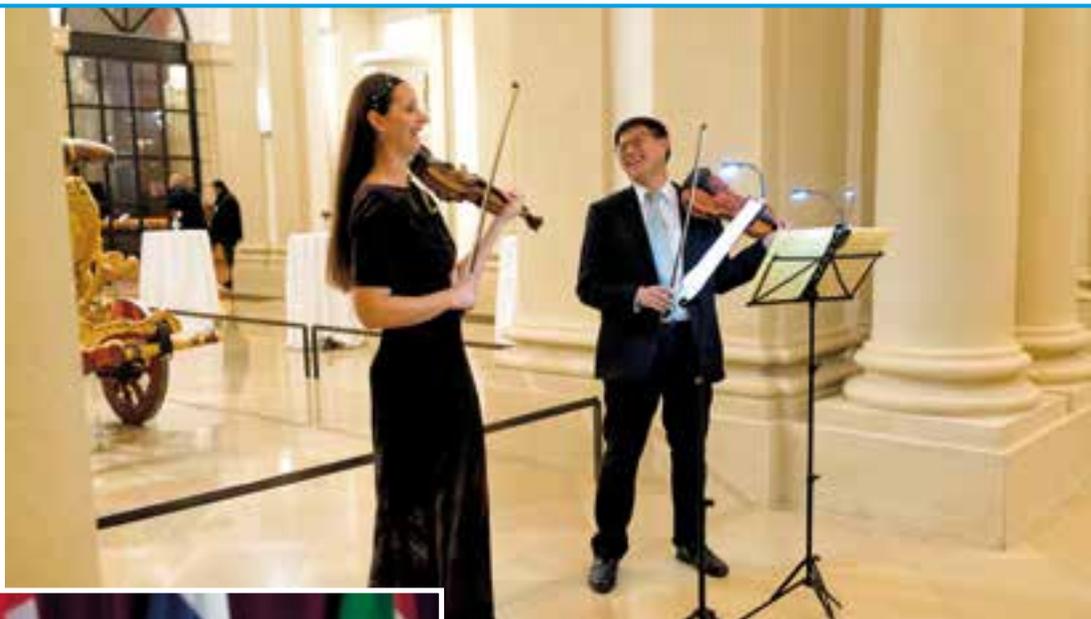
Sacrifice has been an important theme throughout the ‘Declaration of Cooperation’, particularly with regard to the voluntary production adjustments. Participating countries have had to make difficult decisions and sacrifice their immediate interests for the greater good, much like Decius Mus.

The tireless dedication and heroic sacrifice was also a central theme in the remarks by Suhail Mohamed Al Mazrouei, Minister of Energy and Industry, United Arab Emirates, and President of the OPEC Conference in 2018. He praised all participating countries and thanked them for their continued engagement throughout the negotiations that week.

### Gala dinner for the ages

The gala dinner offered an opportunity to reflect on the achievements to date. Such is the whirlwind pace of the success of the ‘Declaration of Cooperation’ that moments to pause and take stock are welcome. For one magical night, the authors of that success were able to contemplate in the scenic and stunning surroundings just how far we have come. ☘







Venezuela's President, Nicolás Maduro (r), with Mohammad Sanusi Barkindo, OPEC Secretary General.

Reuters

## OPEC Secretary General attends President Maduro's inauguration

*On January 10, 2019, President Nicolás Maduro was sworn in for his second term as President of the Bolivarian Republic of Venezuela. With the OPEC Secretary General, Mohammad Sanusi Barkindo, in attendance as an honoured guest, the OPEC Bulletin reports on the event, as well as the Secretary General's meetings while in Caracas.*



Reuters

Venezuela's President, Nicolás Maduro (third r), during his meeting with Mohammad Sanusi Barkindo (third l), OPEC Secretary General; with OPEC and Venezuelan government officials.

The OPEC Secretary General, Mohammad Sanusi Barkindo, was in Caracas at the start of January to witness the inauguration of President Nicolás Maduro for a further six years as President of the Bolivarian Republic of Venezuela. The President was sworn in before the Supreme Court of Justice, with high-level delegations and other government officials in attendance.

The Secretary General was received by President Maduro, and the President of the Supreme Court of Justice, Maikel Moreno. Barkindo congratulated President Maduro on his new term from 2019–25 and wished him a successful tenure, as well as extending his compliments to the people of Venezuela for the future of their country.

### Audience with President Maduro

Barkindo also received an audience with President Maduro at the Miraflores Presidential Palace prior to the inauguration, where the two held a bilateral meeting. Discussions focused on current oil market

President Maduro (r), with Mohammad Sanusi Barkindo.



Reuters

OPEC bulletin 1/19



Reuters

Venezuela's President, Nicolás Maduro (r), with Venezuela's Supreme Court President, Maikel Moreno, during the ceremonial swearing-in for his second presidential term, at the Supreme Court in Caracas, Venezuela, January 10, 2019.

conditions, the implementation of the decisions taken at the 175<sup>th</sup> OPEC Conference and the 5<sup>th</sup> OPEC and non-OPEC Ministerial Meeting and Venezuela's Presidency of OPEC in 2019.

The meeting was the fifth between the two since October 2016, and also in attendance were Venezuela Vice President, Delcy Rodríguez Gómez, and the People's Minister of Petroleum, Manuel Salvador Quevedo Fernandez, who assumed the role of OPEC Conference President on January 1, 2019.

President Maduro described the meeting with the Secretary General as "very fruitful" and highlighted

the importance of "a plan to balance, stabilize ... the oil market in the best way in the alliance of OPEC oil producing countries and non-OPEC oil producing countries."

It was emphasized during the meeting that the further strengthening of cooperation among oil producing countries will be a high priority during the Venezuelan Presidency of the OPEC Conference in 2019.

President Maduro also expressed his admiration for the effective leadership and steering role of the OPEC Secretary General since he assumed office in August 2016.

*Manuel Salvador Quevedo Fernandez (r), People's Minister of Petroleum and President of the Conference for 2019; with Mohammad Sanusi Barkindo, OPEC Secretary General.*

### Initiative and leadership

The OPEC Secretary General thanked President Maduro for his “initiative” and “leadership”, particularly referencing the fact that the President had visited other Heads of State of OPEC Member Countries, as well as those from non-OPEC nations, to help bring about the historic ‘Declaration of Cooperation’.

Barkindo also expressed his pleasure to return to Venezuela, where he felt at home, and recalled that Venezuela was one of the founding Members of OPEC, through the eminent Juan Pablo Pérez Alfonso, at the Baghdad Conference in October 1960.

He also made reference to the remarkable achievements of the ‘Declaration of Cooperation’ over the last two years, and reiterated the importance of the timely decisions of the participating countries in December 2018 and their continued resolve to maintain stability and avoid imbalances in the oil market.

### Meeting with OPEC President

The OPEC Secretary General also held a bilateral meeting with Quevedo Fernandez during his visit to the country.

The meeting was held at the office of the Minister in Caracas, with the Secretary General briefing him on current oil market conditions, as well as the prospects for 2019. The two also discussed Venezuela’s Presidency of the OPEC Conference in 2019, and reiterated the need to fully implement the voluntary oil supply adjustments to ensure market balance across 2019.

The OPEC chiefs further stated that the overriding objective of the participating countries in the ‘Declaration



of Cooperation’ is to maintain sustainable stability in the oil market. They also noted that the institutionalization of the Charter of the ‘Declaration of Cooperation’ remains a top priority in 2019. 



João Manuel Gonçalves Lourenço (r), the President of Angola; with Mohammad Sanusi Barkindo, OPEC Secretary General.

## Angola in OPEC: Celebrating 12 years of achievements

*The year 2018 was a very significant year for Africa's presence in OPEC: at the 174<sup>th</sup> OPEC Conference on June 22, 2018, the Republic of the Congo became the newest addition to the OPEC family; Mohammad Sanusi Barkindo, OPEC Secretary General, was awarded 'African Oil Man of the Year'; and the Secretary General had a range of other engagements throughout the great continent. One of the Secretary General's final missions for the year was to Angola, a nation which has made an immeasurably positive contribution to OPEC since joining the Organization over 12 years ago. The OPEC Bulletin reports on this successful trip.*



*Mohammad Sanusi Barkindo (r), OPEC Secretary General, answering questions from the press; with Estêvão Pedro, Angola's Governor for OPEC.*

**F**rom December 17–19, 2018, the OPEC Secretary General was in Angola's capital Luanda for a series of engagements to pay tribute to country's role within OPEC and in the 'Declaration of Cooperation' process. The first item on Barkindo's itinerary was a very productive meeting with Dr Diamantino Pedro Azevedo, Angola's Minister of Mineral Resources and Petroleum, where the Secretary General thanked the Minister for his gracious hospitality and praised the constructive contribution of Angola to OPEC. He stressed the Organization's readiness to extend any assistance that could be useful to Angola.

Barkindo also paid a courtesy visit to the BP office in Luanda to meet Bob Dudley, CEO of BP, where they discussed recent oil market developments. This was followed by meetings with Carlos Saturnino, Chairman of the Board of Directors, Sonangol, and management at their headquarters. Sonangol presented on their institutional strategy for the next five years, which particularly focuses on continuing expansion and attracting investments to the Angolan oil industry. Barkindo commended the leadership of Sonangol for the innovative and forward-thinking nature of this strategy.

### **Audience with the President of Angola**

One of the major highlights of the mission was an audience with João Manuel Gonçalves Lourenço, the President of Angola. The Secretary General praised the President for his reform agenda, especially for attracting investment, and thanked him for his country's tremendous contribution to OPEC. Of this meeting, Barkindo said, "At OPEC,

we follow with great interest and admiration the reform agenda of President João Manuel Gonçalves Lourenço, particularly as he seeks to modernise the oil industry. Undoubtedly, President Lourenço has achieved a series of notable successes which have improved the industry's efficiency and effectiveness.

"We commend the President's decision to create a new Agency to manage and sell oil and gas licenses. The ongoing development of the ultra-deep water project in Kaombo is a tremendous credit to the country, and is set to add 230,000 b/d to national production levels in 2019. Like many observers, we too have been extremely impressed by the President's willingness to attract more investment in the oil sector, as this truly is the lifeblood of our industry."

### **Keynote lecture**

Keen for an update on the recent decisions at the 175<sup>th</sup> Meeting of the OPEC Conference of December 6–7, 2018, and the 5<sup>th</sup> Meeting of the OPEC and non-OPEC Ministerial Conference that followed, stakeholders from across the Angolan oil industry attended a lecture by the Secretary General under the title, 'OPEC and its role in market stabilization.' The audience included Angolan government ministers, state secretaries, CEOs, managing directors of petroleum companies, and high-level representatives from the foreign and finance ministries.

Barkindo began his lecture by expressing his personal affinity for Angola, stating “I must confess to having a very personal affinity to this country which extends beyond the bonds of African fraternity. Angola’s membership of OPEC began on January 1, 2007, but of course, the negotiations that led to this milestone event took place throughout 2006, at a time when Nigeria held the Presidency of the OPEC Conference. During that year, I had the tremendous honour of serving as Acting Secretary General of the Organization.”

### Significance of Angola’s accession to OPEC

The Secretary General was keen to extrapolate on the significance of Angola’s accession to the Organization. “Angola becoming a Member Country was a tremendous boon for OPEC. A new source of positive energy and dynamism was injected into the Organization, as we benefitted from the experience of an extremely important regional player from central and southern Africa,” he said.

“Angola’s accession in 2006 was the first new addition to OPEC since my own country, Nigeria joined in 1971. This had enormous repercussions, the ramifications of which are still being felt today. Regional neighbours saw Angola make a success of its membership and in due course, Gabon and Equatorial Guinea, would enter the OPEC fold,” the Secretary General continued.

“Furthermore, Angola’s membership after a 36 year hiatus on expanding the Organization, proved that reaching out and embracing new partners yields results. This spirit of collegiality among nations, willingness to try things differently, innovation and honoring one’s commitments has also been at the core of OPEC’s recent cooperation with its non-OPEC partners under the umbrella of the ‘Declaration of Cooperation’,” he added.

Barkindo stated that “history will conclude that Angola joining the OPEC family was a precursor to membership of our Organization increasing, a strengthening of the African voice in our decision-making structures and

this new era of cooperation among oil producing countries through the ‘Declaration of Cooperation’.”

### Why stability?

Returning to the theme of the lecture, the Secretary General was keen to emphasize why oil market stability is important. He said, “When you listen to any OPEC official speak; if you read any of our publications, statements, or press releases; if you examine our statute; you will see our core objective repeated over and over again: oil market stability on a sustainable basis.

“This goal drives all of our activities, all our actions and almost all our research. It is very important that we step back and ask the deceptively simple question: why? Why does oil market stability matter? Why does it motivate OPEC in everything it does? Why does it generate the attention of decision makers and world leaders across the political spectrum?”

Pondering on this question, Barkindo continued, that “having invested a lot of time reflecting on this, I think the most concise formulation of why oil stability matters hails from the great historian of our industry, Professor Daniel Yergin, when he said in his book *‘The Quest: The industrial civilization that has evolved over the last two and a half centuries rests on a hydrocarbon foundation.’*”

“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.

“For example, consider the hard-earned savings of millions of retirees whose fortunes are tied to pension funds that invest in our industry. Think of the sheer number of families dependent on bread-winners employed in our sector and the job opportunities which result from oil market stability. OPEC does not seek stability for stability’s sake: rather we are acutely conscious of the broader social and economic benefits for all which come as a result of sustainable oil market stability.”

### The 2015–16 downturn

The seriousness of the last oil market downturn was a theme that Barkindo emphasized in casting the

audience's minds back to the depths of the last downturn in 2015–16. He said that “one can only shutter at how close the world came to a catastrophe of epoch defining proportions. If you do not take my word for it, I would like to quote David Kreisman, Senior Vice President at the credit rating agency Moody's from 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.*”

“This situation came about as a result of the fact that from 2014–16, world oil supply growth outpaced that of oil demand, with world oil supply growing by 5.8 million barrels/day (m b/d), while world oil demand increased by 4.3m b/d. By July 2016, OECD commercial stock overhang reached a record high of about 403m b over the five-year industry average.

“The OPEC Reference Basket price fell by an extraordinary 80 per cent between June 2014 and January 2016. Nearly \$1 trillion in investments were either frozen or discontinued, and a record number of companies in our industry filed for bankruptcy. According to the consulting firm Graves & Co, almost half a million jobs were lost in the global oil and gas industry. Several emerging economies were in the midst of a recession, being battered by the collapse in commodity prices. As the economic historian Adam Tooze said: *In 2015–16 the world dodged a third instalment of the global crisis.*”

### Multiplier benefits of ‘Declaration of Cooperation’

The Secretary General then outlined the process leading to the original signing and subsequent extensions of the ‘Declaration of Cooperation’ and its broad array of consequences. “The multiplier benefits of the ‘Declaration of Cooperation’ have been immensely significant. This was apparent in the conclusions of the International Monetary Fund (IMF) in a publication entitled *‘The global economic recovery ten years after the financial meltdown’*, which



*Mohammad Sanusi Barkindo (r), OPEC Secretary General, presented a lecture under the title, ‘OPEC and its role in market stabilization,’ which was attended (l) by stakeholders from across the Angolan oil industry, Angolan government ministers, state secretaries, CEOs, managing directors of petroleum companies, and high-level representatives from the foreign and finance ministries.*

stated: “After faltering at time over the past ten years, the global economic recovery experienced a long awaited synchronized growth upswing 2017–18.”

Barkindo added that this “global economic upsurge has occurred at exactly the same time as the ‘Declaration of Cooperation’ has been operational. Oil market balance begets prosperity. Consider the fact that over the last two years, the global economy has had the assurance from the ‘Declaration of Cooperation’ strategic partners that they will take the necessary measures to contribute to a balance between supply and demand. Can one quantify how important this guarantee of responsible leadership, this proactive dependability, has been?”

### Message for Angola

The Secretary General concluded his remarks by summarizing the entire purpose of the mission. He said, “The OPEC family wants to transmit a very important message to Angola: we deeply respect and value Angola’s regional leadership, defense of multilateralism, and support for the ‘Declaration of Cooperation’ process.”

With a proven track record of 12 successful years, there can be no doubt that Angola and OPEC will continue to enjoy a mutually beneficial relationship for many years to come. 

# OPEC and non-OPEC technical meeting now an established event

*Participants to the 4<sup>th</sup> Technical Meeting of the OPEC and non-OPEC Producing Countries on November 28 had the chance to hear from some of the world's leading experts on oil price cycles and current oil market developments. The OPEC Bulletin reports.*

In his opening remarks, OPEC Secretary General, Mohammad Sanusi Barkindo, stated that it “is a great pleasure to see the principles and tenets of the ‘Declaration’ based on equity and fairness not only evolving at the Ministerial level, as seen most recently in Abu Dhabi, but also at the technical level through meetings like the one we are all part of today. These events constitute part of the umbilical cord between OPEC and non-OPEC producers.”

He added that “we need to constantly remember that we are all part of the same global oil market and we all face similar uncertainties today. Thus, it is in our common interests to forge new and deeper relationships to allow us to proactively and effectively address the plethora of challenges we all face.”

The Secretary General stressed that “we need to build on what has been achieved by the ‘Declaration’, through sustaining a healthy and stable global oil market, in the interests of both producers and consumers.”

## Oil price cycles

The initial focus of the meeting was on oil price cycles, with Barkindo stating that speakers had been asked to explore oil price cycles going back to the 1960s, in order to identify the drivers of past cycles, explore the role OPEC has played in stabilizing the market and to arrive at lessons learned.

He noted that it is evident that when we look back to the earliest days of the industry after the world's first commercial oil well was drilled in Baku, Azerbaijan in

1846, and then Edwin Drake's pioneering methods struck oil in the plains of Pennsylvania in the US in August 1859, which ushered in the first major oil expansion, there were booms and busts.

In more recent times, he noted the pioneering research into understanding oil price cycles by the late Dr Robert Mabro, and stated that it is also “something we have looked into here at the OPEC Secretariat, identifying what we see as six major price cycles since the early 1970s.”

The Secretary General stated that “what has been clear to us is that price cycles are part of the market's ever evolving nature; and as the market dynamics and structures change, so do the characteristics of those price cycles.”

He also noted that it is important to remember that “oil price cycles today have a far wider and greater impact than they did during the early era of the modern oil industry. Oil is at the heart of today's world; the lifeblood that keeps modernization moving and fuels civilization. Today, the impact of the oil market, and oil price cycles, reverberates in every corner of the world.”

## Speaker presentations

It was evident from all the speakers that oil price cycles have always been part of the market, with many highlighting their views on the variety and nature of price cycles we have seen in previous decades. It was also made clear that, as per the Secretary General's comments, that as market dynamics shift, and the structure of the market evolves, so do the characteristics of price cycles.

In terms of the most recent price cycle, a number of speakers referenced the different structural environment in comparison to previous price cycles.

One specific focus was on the move from a mega-project mind set to a short-cycle innovation driven mind set. This specifically underscored the challenges related to investments and developments in conventional and non-conventional resources, as well as the spillover implications.

It was also noted by one speaker that high oil market volatility has increased the attractiveness of investing in short-cycle resources.

In the current cycle, one speaker also noted the importance of not only looking at the front end of the curve, but the back end too. It was stated that this part of the curve is vital for investment decisions, but today volatility at this end of the curve is increasing.

The issue of investments was one raised by the Secretary General, who stressed the importance of continuous investment in the petroleum industry. In OPEC's *World Oil Outlook (WOO)*, in the period to 2040, the required global oil sector investment is estimated at \$11 trillion.

There was talk from a number of speakers about the increased financialization of the oil market — the result of the emergence of oil as an asset class. Moreover, one speaker mentioned the impact of monetary policies on commodity prices, although it was noted that it can be difficult to untangle the effects of policies that have

a potential knock-on effect on oil from real fundamental factors affecting the oil price.

The evolving role of geopolitics and its potential impact on oil price cycles was also noted by a number of speakers.

In terms of OPEC, there were also a number of speaker references to the importance of OPEC spare capacity in helping absorb shocks and reduce volatility. One speaker specifically highlighted that OPEC's spare capacity has significantly reduced price volatility over the years.

Moreover, there were a number of positive references made to the historic 'Declaration of Cooperation' that has over the past two years helped bring more balance and stability to the market, and which has been widely recognized to have been in the interests of both producers and consumers.

### Engaging day

In his concluding remarks, the Secretary General said that it has been an extremely informative and productive event and hoped that everyone had benefited from the thoughts, insights and analysis presented, as well as from the ensuing discussions.

He then thanked all the distinguished participants, particularly the experts who contributed their time and expertise to make the event possible.

The meeting was held under the Chatham House rules. 



Mohammad Sanusi Barkindo, OPEC Secretary General.



# Oil industry must get active in climate change challenge

“The oil industry must be part of the solution to the climate change challenge,” said Mohammad Sanusi Barkindo, OPEC Secretary General, in a statement to the UN Climate Change Conference (COP24/CMP14/CMA1.3), held on December 3–14, 2018, in Katowice, Poland.

He added that we are all responsible citizens of this planet, and 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.”

He added that the valuable know-how and experience and technological innovation of the oil industry should be harnessed and put to good use, and has already come far in reducing the industry’s environmental footprint, thereby improving working practices and fuel efficiency standards.

“This is particularly the case considering oil’s enabling role in economic growth and social progress. Indeed, oil has fueled our modern civilization. I should

emphasize the facilitative role of international trade, this role should continue,” said Barkindo.

## Improving sustainable livelihoods

He added that an ever-cleaner oil industry can go a long way to improving the sustainable livelihoods of billions of people and alleviating the energy poverty facing the one billion people who lack access to electricity and the three billion people lacking clean cooking fuels.

Barkindo urged Parties (governments) to promote all-inclusive policies that are not discriminatory in content and implementation.

“The corporate world should join hands with governments and civil society in promoting this inclusiveness.”

Technologies which would address carbon emissions and lead to their elimination are feasible, and their funding is the responsibility of both producers and consumers.

“Our Member Countries are playing their role creditably in this regard to ensure that the over 1.2 trillion



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## POLAND 2018



barrels of proven oil reserves are not stranded. Oil and gas will continue to account for more than 50 per cent of the global energy mix well beyond 2040,” he stated, adding that all energy sources are needed to meet future demand.

He additionally emphasized that OPEC and non-OPEC partners in the ‘Declaration of Cooperation’ will continue to undertake their obligation in combatting climate change on the basis of equity, common but differentiated responsibilities and respective capabilities.

Barkindo also had the opportunity to participate in a panel discussion during the Talanoa Dialogue, where he stated that OPEC Countries represent 82 per cent of proven reserves in the world.

He added that oil will remain vital during the energy transition, as it is required to battle existing energy poverty and support the population growth of up to 2 billion people by 2040.

In order for this demand to be sustainably met, policy should include supporting technology to battle emissions, which must be undertaken at a broader level, involving both governments and multilateral partners. Finally, he stated that leadership, particularly by wealthy industrialized countries, is essential at this crucial time.



*Mohammad Sanusi Barkindo (l), OPEC Secretary General; with Patricia Espinosa, Executive Secretary of the UN Framework Convention on Climate Change (UNFCCC).*

*Speaker in the Secretariat lecture series ...*

## Wintershall talks digitalization

*As part of the OPEC Research Division's regular lecture series, **Patrick von Pattay**, Head of Digital Strategy, Wintershall, visited the OPEC Secretariat to share the company's digital strategy and provide thoughts and insights into its experience over the past few years. Joerg Spitzzy reports on some of the highlights from the briefing.*

*OPEC staff from the Research Division attended the lecture.*



*Patrick von Pattay, Head of Digital Strategy, Wintershall.*

**T**echnological progress has changed the way we function, travel or even talk. But it has also changed the way we work, which is now becoming ever more evident through the process of digitalization. In the business world, digitalization is transforming processes and working practices, making work much faster, smoother, and efficient.

To help better understand the concepts behind digitalization and some of the most recent developments in this area, OPEC's Research Division invited Patrick von Pattay, Head of Digital Strategy — Wintershall 4.0 Project, to talk through his company's strategy.

To begin his talk, von Pattay said that to bring the company's digital strategy to life, Wintershall developed so called digital road maps for all technical and non-technical core processes. These road maps outline how the business might run in 2025 in a totally digital environment and provide guidance to every division in the company on how to evolve in terms of digitalization.

### **Lighthouses and pilots**

These road maps also include several so-called lighthouses and pilots. He noted that as digitalization is ultimately about rethinking processes and identifying new businesses, lighthouses are major projects in which various core processes are reinvented. Pilots on the other hand are more short-term projects that look to evaluate the applicability of digital technologies.

Wintershall evaluated more than 50 pilots in 2018. Von Pattay stated that various technologies had shown great results, including augmented reality for remote operations and inspections, machine learning in reservoir modelling, high performance computing in

***“In the business world, digitalization is transforming processes and working practices, making work much faster, smoother, and efficient.”***





***“... the importance of enabling the entire organization to embark on the digital transformation, which requires the right skills and perspectives and an open dialogue.”***

reservoir simulation, robot process automatization in support processes, dashboards for improved visualization and cooperation, state of the art communication and collaboration apps and hackathons.

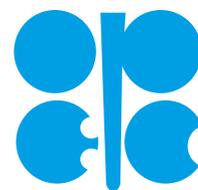
He also noted the importance of advanced artificial intelligence applications for advisory systems. In this regard, he stated that while they did not yet fulfil the high expectations, the company considered the experiences in this areas as very successful, especially the

fact that the pilots had allowed a broad percentage of the organization to get involved in digitalization processes. He believed that this type of first-hand experience is critical for such a fundamental change as the digital revolution.

### **Ambitious targets**

Wintershall’s digital strategy also combines ambitious targets, including:

- Being a strong partner in digitalization, a domain that should not be left to service nor consulting companies, but that national and international oil companies should shape;
- Following a data centric approach to turn around data faster and help evolve better decisions leveraging advanced machine learning-based analytics and more holistic modelling techniques;
- Improving asset economics and asset’s lifetime by leveraging big data analytics in order to achieve optimized operations, via lowering operational costs and increasing recovery rates, among other improvements;



- Enhancing Health, Safety and Environment (HSE) performance by utilizing augmented reality and other digitally enhanced tools;
- Enhancing collaboration in end-to-end processes and projects with partners, contractors, authorities, etc, to improve transparency and ultimately ease the business leveraging on state-of-the-art integrative collaboration tools;
- Fostering an agile working culture and tapping the talent pool by attracting new recruits and retaining and developing existing talents;
- Treating data as a company asset and managing it in a transparent manner to ensure their optimal utilization.

Looking ahead, von Pattay said the focus will be on scaling the successful pilots to get the maximum benefits throughout the organization. He said that he sees this as one of the biggest challenges in digitalization. He talked about the importance of enabling the entire organization to embark on the digital transformation, which requires the right skills and perspectives and an open dialogue. One of the key issues he raised was the value in continually driving data as an asset, which requires a more transparent and less soloed approach and is one that brings massive changes with it. He also spoke about developing an ecosystem of start-ups and suppliers that can deliver digital solutions timely.

### OPEC perspective

In concluding, von Pattay also highlighted the vast data resources OPEC has collected over many decades and that the Organization is already an important data hub for its Member Countries. He noted that this data may be useful in the future for the development of artificial intelligence utilizing the organization's network to lead in digitalization and potentially help enable OPEC as an incubator in terms of digitalization in the oil and gas sector, linking ideas, minds, and visions around the globe. 



## Patrick von Pattay

Head of Digital Strategy  
Wintershall

- Currently heading Wintershall's 'Digital Strategy Project'
- Has held various positions in research and development, business consulting, oilfield services and with an operator
- Internationally experienced programme manager in the oil and gas industry
- Skilled in managing complex projects in production enhancement and field development
- Strong reputation for delivering sustainable and commercially valuable solutions, leveraging new technologies, innovative working approaches and best practice solutions
- Combines technical and operational expertise including joint venture experience to build, inspire and manage cross-functional multicultural teams

Wintershall is Germany's largest internationally active crude oil and natural gas producer. The company explores and produces oil and gas in Europe, North Africa, South America, Russia, and the Middle East. The company has been active for over 85 years and has a workforce in excess of about 2,000 employees from more than 50 nationalities. As a wholly owned subsidiary of the chemical group BASF in Ludwigshafen, Wintershall bases its success on the company's technical knowhow and strong international partnerships. 



## Iraq agrees deal with Schlumberger

Iraq has agreed a deal with US company Schlumberger Ltd to drill 40 wells in the giant Majnoon oil field, according to the Iraqi Oil Ministry.

Iraqi Oil Minister, Thamir Ghadhban, said in a statement that the agreement with the oil services firm was aimed at boosting production from Majnoon.

“Carrying out a three-dimensional seismic survey by the Oil Exploration Company in Majnoon will help to obtain accurate data and boost production at the field,” Ghadhban said.

A deal was also signed between Basra Oil Co, which manages Majnoon, and Oil Exploration Co, two state-run Iraqi firms, to conduct a seismic survey in Majnoon.



*Thamir Ghadhban, Iraqi Oil Minister.*

In June 2018, Royal Dutch Shell exited Majnoon in southern Iraq and handed the field’s operations to Basra Oil.



## Saudi Aramco plans gas investments of \$150bn over next decade

Saudi Aramco said at the end of November 2018 that its gas programme would attract \$150 billion worth of investments over the next decade.

Outlining plans to increase Aramco’s gas output by almost 65 per cent from present levels, the company’s Chief Executive Officer, Amin Nasser, said plans to create an integrated international gas business would “attract investments of about \$150bn over the next decade, with daily production reaching 23bn standard cubic feet/day from the current 14bn.”

He added that “we also have world-class unconventional gas resources that are rapidly supplementing our

large conventional resources ... currently we have 16 drilling rigs concentrating on unconventional gas and more than 70 wells completed this year.”

### Expanding economy

Saudi Arabia, the world’s largest oil exporter, is trying to expand its economy beyond crude oil. It is boosting gas exploration and production of both conventional resources and those from shale fields, to feed into power generation, as well as to fuel the petrochemicals sector.

## Kuwait appoints new Oil Minister



Kuwait appointed Dr Khaled Ali Al-Fadhel (*pictured*) as Minister of Oil and Minister of Electricity & Water at the end of December 2018. Al-Fadhel is also Chairman of the Board — Kuwait Petroleum Corporation (KPC).

Al-Fadhel previously held the title of Undersecretary at the Ministry of Commerce, and was a Professor at Kuwait University's Faculty of Engineering and Petroleum.

Al-Fadhel received a Doctorate of Philosophy (PhD), Chemical Engineering, Lehigh University, US, in 2004.

Al-Fadhel replaces Bakheet S Al-Rashidi who had been Minister of Oil and Minister of Electricity & Water since December 2017. 

## ADNOC moving ahead with plans to expand its CO<sub>2</sub> capture to boost oil recovery

The Abu Dhabi National Oil Company (ADNOC) has announced that it is moving ahead with plans to expand the capture, storage and utilization of CO<sub>2</sub>, produced from either the Habshan-Bab gas processing facilities or the Shah gas plant. A decision on which plant to capture the CO<sub>2</sub> from first will be taken in 2019. The project will be engineered so as not to interrupt ongoing production from either facility.

The additional CO<sub>2</sub> capture will reduce ADNOC's carbon footprint — which is among the lowest in the industry — and liberate natural gas, previously used for oil field injection, for other more valuable purposes, while simultaneously addressing growing global demand for oil by boosting recovery from its maturing reservoirs.

The announcement was made at the International Carbon Capture Utilization and Storage (CCUS) Summit, in Edinburgh, by Omar Suwaina Al Suwaidi, ADNOC Executive Office Director, who led ADNOC's participation at the summit.

The Shah plant — built and operated by a joint venture between ADNOC and Occidental Petroleum Corporation — is one of the world's largest facilities

processing ultra-sour gas. It processes about 1.3 billion standard cubic feet/day (scfd) of sour gas and associated condensates, which contain over 20 per cent hydrogen sulfide and ten per cent CO<sub>2</sub>.

By 2025, modifications to the facility would enable the gases to be captured as part of the sulfur recovery process and converted into pure CO<sub>2</sub> for enhanced oil recovery (EOR). Using advanced CCUS technology, more than 2.3 million tons/annum (120 million scfd) of CO<sub>2</sub> are planned to be captured and safely locked away underground.

The Habshan and Bab complex could capture another 1.9 million tons/year of CO<sub>2</sub> (100m scfd). The complex can process up to 6.2bn scfd of associated gas, making it the largest in the UAE and one of the biggest in the Gulf.

ADNOC was the first National Oil Company to pilot CO<sub>2</sub> injection for EOR in 2009. In 2016, ADNOC joined forces with Masdar, a major international player in renewable energy and sustainable urban development, to launch Al Reyadah, the first commercial-scale CCUS facility in the region. Al Reyadah is now fully owned by ADNOC — integrated into ADNOC Onshore — to optimize resources and oversee the entire CO<sub>2</sub> value chain. 



# Listen and learn

“You cannot find this work everywhere; only at specialized institutions.”  
— Alkhalifa



*Steve Hughes talks Sustainable Development Goals, strong finances and skiing with OFID's new Director-General, Dr Abdulhamid Alkhalifa (I).*

**H**e's only a couple of months into the job, but Dr Abdulhamid Alkhalifa already fills the Director-General's office on the second floor of OFID's PalaisDeutschmeister with a sense of quiet authority. Formerly of the World Bank and the Saudi Arabian Public Investment Fund, OFID's new Director-General is no stranger to multi-cultural organizations (OFID currently employs around 200 staff from 31 countries) and doesn't appear to be the type to get flustered by the new challenge at hand in Vienna. “Focus on strategy, stay calm and never make decisions when you're angry,” he says, in answer to a question about management style.

Unassuming and softly spoken, Dr Alkhalifa, an economist who holds a PhD in Economics from the University of Miami and a Master's in Applied Economics from Southern Methodist University (Dallas, Texas), explains that it's too early to start laying down his goals for OFID's future just yet. “I like to listen,” he says. “I want to hear people's

opinions about what we're doing well and what we need to improve on.” His priority, he says, is to understand and strengthen OFID's partnerships with its member and partner countries.

OFID's wide network of strategic partners includes the bilateral and multilateral development institutions of OPEC Member Countries, the specialized agencies of the United Nations, the World Bank, regional and national development banks, commercial banks and a host of NGOs. Of the 24 public sector development projects approved by OFID in 2017, for example, 19 were co-financed with external donors (in addition to the concerned governments).

“Cooperation and strengthening partnerships will be key to my term as Director-General,” says Dr Alkhalifa. “I'm looking forward to building on the relations we already have and developing new ones.”

There is another thing Dr Alkhalifa is certain about:

# OPEC Fund for International Development (OFID)

OFID's commitment to the United Nations 2030 Agenda and the Sustainable Development Goals. "You know, the SDGs are a global agreement about how to focus development," he says. "OFID has its own focus, but we are part of this agreement and our work will continue to support sustainable development through financing essential infrastructure, strengthening social services and promoting productivity, competitiveness and trade in all developing regions of the world."

He is also clear about OFID remaining true to its aim of being led by the demands of developing countries, so that any support the Organization provides reflects the needs and priorities of such countries in their quest for economic development and social welfare — not the needs or priorities of OFID or anyone else.

## Sustainability

Dr Alkhalifa, a Saudi Arabian national, admits that he was attracted to the top job at OFID because of this commitment: "You cannot find this work everywhere; only at specialized institutions," he says. "Our business model is unusual. This is not an institution created to maximize profits. We must balance our commitment to alleviating poverty and stimulating developing economies with our own need for financial sustainability. Without the latter, we can't continue to support the SDGs or provide grants."

"This is my responsibility — to help strengthen our financial position so that we can continue our development work well into the future," he continues. "In 2017, OFID made total new approvals of \$1,508 million compared with \$1,339m in 2016. OFID has now committed nearly \$22 billion to sustainable development since its inception in 1976. Our total disbursements at the end of 2017 was \$14,790.3m against \$13,579.4m at the end of 2016. I want to grow this so that we can keep doing great work."

Public sector operations remain central to OFID's business, but Dr Alkhalifa recognizes the importance of OFID's Private Sector and Trade Finance Operations Department (PSTFOD) too. These 'windows' are a complementary means for OFID to fulfil its core mission of assisting developing countries in their socioeconomic



## Dr Abdulhamid Alkhalifa Director-General, OFID

Dr Abdulhamid Alkhalifa, a Saudi Arabian national, was elected Director-General and Chief Executive Officer of OFID — the OPEC Fund for International Development — at the institution's June 2018 Ministerial Council meeting. Dr Alkhalifa officially assumed his post on November 1, 2018.

Prior to his appointment at OFID, Dr Alkhalifa was Deputy Secretary General of the Saudi Arabian Public Investment Fund from 2014–18 and advisor to the Secretary General from 2010–14. He has also held a number of leadership positions at the World Bank Group and served the government of Saudi Arabia in various capacities.

Dr Alkhalifa holds a PhD in Economics from the University of Miami, Florida, and a Master's in Applied Economics from Southern Methodist University in Dallas, Texas.

development and are essential to OFID's financial sustainability. During 2017, PSTFOD finance approvals totaled \$787.5m, up from \$711.5m in 2016, representing an increase of nearly 11 per cent.

His first impressions of the Organization are favourable — "we're already doing everything well," he says — and as he prepares for his first Governing Board meeting (where development projects are formally assessed, and financing is approved), Dr Alkhalifa says he is pleased by the professionalism of OFID's staff. In answer to a question from OFID's internal staff magazine about his biggest achievement to date, he recently replied: "Becoming part of the OFID team. I feel privileged to work for this Organization because of the professionalism of my colleagues and our mission to support the economic development in low and middle income countries and to help achieving Sustainable Development Goals."

Helping good people to become even better is one of the main motivators for OFID's new head.

"This is what gets me out of bed in the morning," he says, though he admits a couple of strong Arabic coffees sometimes help, too. As for unwinding after a hard day at the office? Either a long walk through the city — he is excited about discovering Vienna's many historic palaces — or, once the weather warms up a little, Dr Alkhalifa, a keen sportsman, enjoys water-skiing. Perhaps as he becomes more accustomed to life in Austria, he may be persuaded to swap the water and the wetsuit for the slopes and downhill skis? ■■

**"We must  
balance our  
commitment  
to alleviating  
poverty and  
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developing  
economies  
with our  
own need  
for financial  
sustainability."  
— Alkhalifa**

Focus on Member Countries



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# OPEC CITIES IN FOCUS



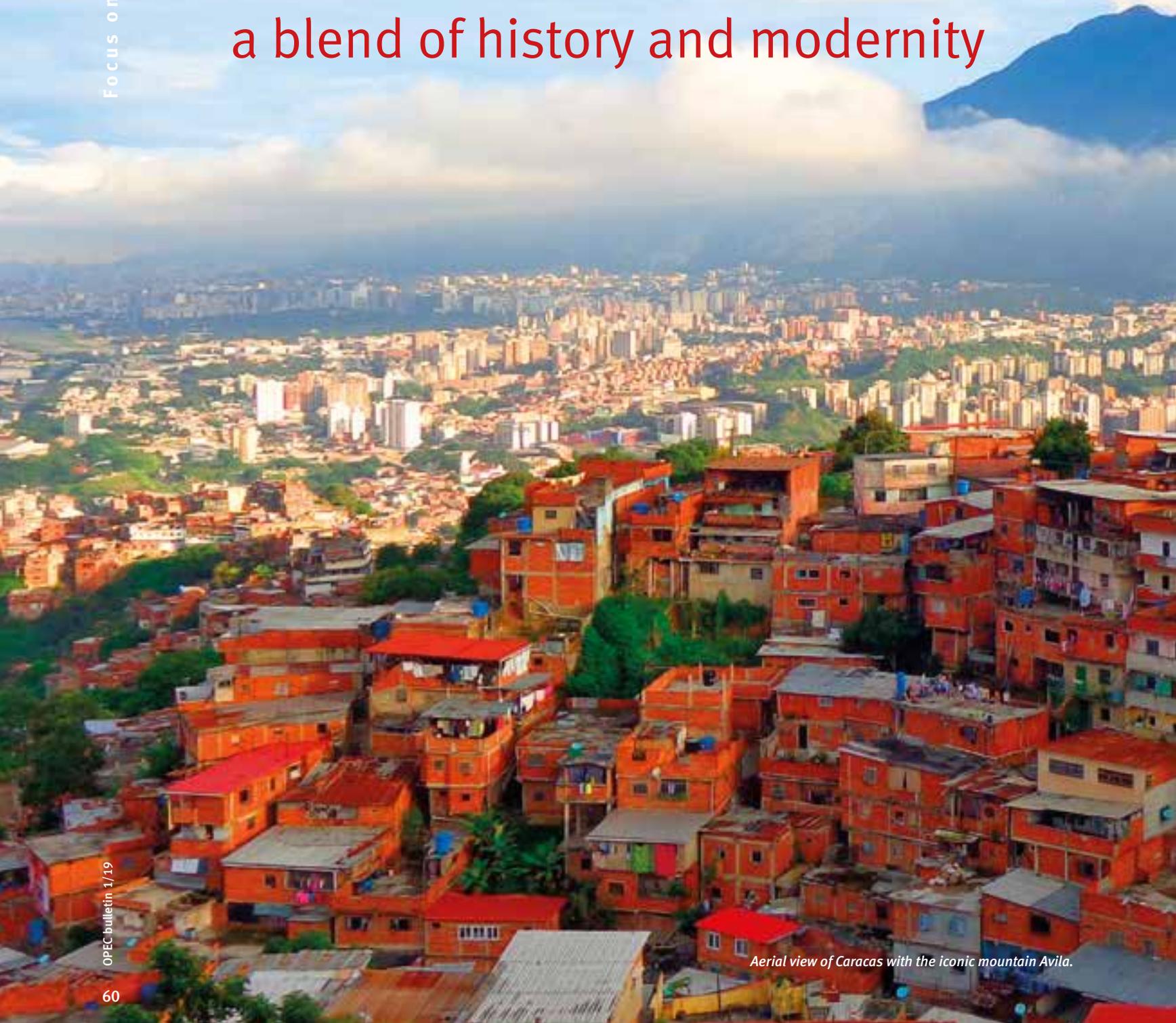
In the April 2017 edition of the *OPEC Bulletin*, we introduced a new series — **OPEC Cities In Focus** — which would endeavour to provide an overview of the major cities in OPEC’s Member Countries and highlight their many attributes.

Though each OPEC Member Country has played a prominent role in the oil and gas sector over the years, and has maintained a steadfast commitment to the Organization’s broader objectives in regards to market stability, they all have much more to offer than just energy resources. Through this series, we hope to spotlight the history and development of their principal cities.

Our motivation is to highlight some of the other features of our Member Countries apart from oil and gas. And our desire is to offer readers a window into the rich urban life in our Member Countries and their cultural diversity.

# Caracas:

a blend of history and modernity





*The 175<sup>th</sup> Meeting of the OPEC Conference convened in Vienna, Austria, on December 6, 2018, where OPEC, as an instrument of stability in the global oil market, not only opted for an overall production adjustment of 800,000 b/d from October 2018 levels, effective as of January 2019, but also unanimously elected Manuel Salvador Quevedo Fernandez, People’s Minister of Petroleum of the Bolivarian Republic of Venezuela, as President of the OPEC Conference for the year 2019.*

*In honour of this, in this instalment of the ‘OPEC Cities in Focus’ series, Ayman Almusallam explores Venezuela’s first and capital city — Caracas — presenting its unique heritage and unmatched elegance.*





*The National Assembly in downtown Caracas, Venezuela.*

**C**aracas — officially Santiago de León de Caracas — is the capital and largest city of the Bolivarian Republic of Venezuela. It overlooks the Guaire River in the northern region of Venezuela, forming the centrepiece of the Greater Caracas Area.

Caracas also serves as the country's key administrative, economic and cultural hub, with a number of important companies and institutions, including Venezuela's energy giant, PDVSA, and the Caracas Stock Exchange, headquartered there.

### **Brief history**

The history of Caracas dates back to the 1560s, when the Spanish attempted to establish a settlement in the valley of Caracas, which was inhabited by the indigenous population.

In the summer of 1567, Diego de Lozada — a Spanish conquistador — founded a city called Santiago de León de Caracas. In 1577, this city became the capital of the Spanish colony in Venezuela.

During the 17<sup>th</sup> century, Caracas was frequently

prone to pirates' vicious attacks; however, the topology of the region protected the newly-founded city, as its coastal mountains served as a barrier and line of defence.

The region underwent various changes in the political domain during the 18<sup>th</sup> century. In 1777, Caracas became the capital of the Spanish-ruled Captaincy General of Venezuela. Twenty years later, the locals began their efforts to gain independence. The Independence War continued until 1821, when the Spanish were defeated by independence fighters, led by legendary General Simón Bolívar, at the Battle of Carabobo.

The city of Caracas hosted the signing of Venezuela's Declaration of Independence.

Over the course of time, Venezuela became an emerging power, possessing a notable wealth of natural resources, in addition to being a proud home for a number of global distinguished leaders. These developments were soon backed by Venezuela's growing oil sector, in addition to various thriving industries.

In a clear use of these distinctive assets, Venezuela joined hands with four other oil-producing countries,



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*View of the central park towers from the art gallery in Caracas.*

namely, Iran, Iraq, Kuwait and Saudi Arabia, in 1960 to establish OPEC, at the historic ‘Baghdad Conference’.

These five Founding Members representing their oil-producing nations joined together around the premise of cooperation, with a commitment to safeguard their legitimate national interests and to ensure order and stability in the international oil market. There was no fanfare, just five developing nations setting about the business of defending their legitimate national interests.

The current President of the Bolivarian Republic of Venezuela is Nicolás Maduro Moros, who assumed office in 2013.

### **Geography and climate**

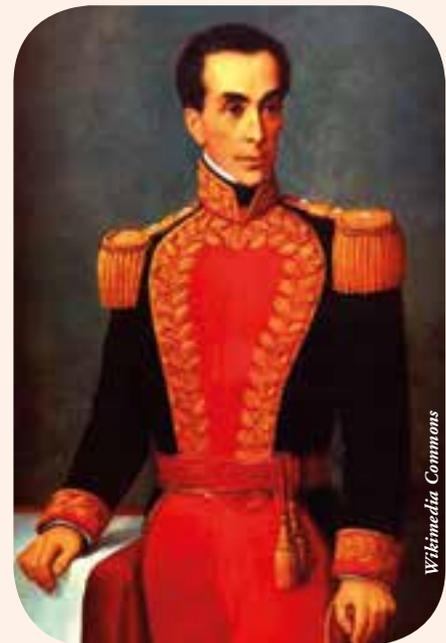
The whole city of Caracas is located in a valley in northern Venezuela. The El Ávila National Park, which is home to a large number of butterflies, mammals and birds, separates the city from the Caribbean coast by around 15 km. The Guaire River flows across the capital of Venezuela, until it empties in the Tuy River. The city occasionally suffers from earthquakes.

## **El Libertador: Simón Bolívar**

Simón Bolívar was a military and political leader, who played a pivotal role in the independence movement in Latin America that began in 1808. With an aim to eliminate the Spanish regime and its influence in the region, the liberations of Venezuela, Bolivia, Colombia, Ecuador, Peru and Panama were largely attributable to this unique leader and his distinctive abilities.

Bolívar was born on July 24, 1783, in Caracas during the era of the Captaincy General of Venezuela. Although he achieved remarkable accomplishments for his country and Latin America, the capable politician passed away at the young age of 47, in 1830. The cause of death was tuberculosis.

In his lifetime, the iconic hero held a number of respected offices, including President of Venezuela, President of Peru and President of Bolivia.



Wikimedia Commons



*Simon Bolivar the Liberator's birthplace in downtown Caracas.*



*The historical centre of Caracas near Plaza Bolívar.*

The climate in the Venezuelan capital is a typical tropical savanna climate. Precipitation levels vary throughout the year. In general, the temperature does not rise to high levels, similar to other tropical areas, due to the city's high altitude.

The yearly average temperature reaches around 24°C. Caracas experiences heavy fog during cold months. The city is also prone to different kinds of storms, such as hail and lightning.

### **Economy**

The economy of Caracas is rather diverse, featuring various industries from the industrial and service sectors. The



*Nicolás Maduro Moros, President of Venezuela.*

city hosts a great number of banks, companies, malls and other economic entities, in addition to the Caracas Stock Exchange and the headquarters of Venezuela's national oil company — Petróleos de Venezuela, SA (PDVSA). Vital industries include chemicals, food, wood products, textile and leather.



*Venezuelan National Assembly Federal Legislative Palace, Caracas.*

The national economy of Venezuela is largely backed by its dynamic oil sector and distinctive wealth of hydrocarbons.

According to OPEC's latest Annual Statistical Bulletin, the Latin American nation produced 2.03 million b/d of crude oil, while it produced 29.79 billion standard cubic metres of natural gas. Venezuela also possesses the largest proven reserves of crude oil worldwide, amounting to

302.81bn b, while its natural gas reserves reached an impressive 5,710bn standard cu m in 2017.

The national oil company PDVSA is one of the largest firms in Venezuela, which is mandated to explore, extract, refine, market and distribute the country's hydrocarbon treasures, in general, and oil and gas, in particular. The company was established in 1976, in a concrete attempt to nationalise the oil industry in Venezuela.

## **Caracas, leader of international fora and diplomacy**

Since its early days, Caracas has provided the world, in general, and the energy sector, in particular, with some of the greatest leaders and brightest minds in the field of diplomacy. This became significantly evident during the period preceding the establishment of OPEC, when the five founding fathers of the Organization — Dr Fuad Rouhani of Iran, Dr Tala'at al-Shaibani of Iraq, Ahmed Sayed Omar of Kuwait, Abdullah al-Tariki of Saudi Arabia, and Juan Pablo Pérez Alfonzo of Venezuela — secretly met at the Cairo Yacht Club in Egypt in 1959.

Following the establishment of the Organization in 1960,

Caracas generously hosted an impressive number of important OPEC meetings, including the Second Summit of Heads of State and Government of OPEC Member Countries in the year 2000 and several meetings of the OPEC Conference, the Organization's supreme authority.

More recently, these unique sets of competencies and technical skills were strongly demonstrated during the consultation process that culminated in the landmark 'Declaration of Cooperation', which unified 24 oil-producing countries (as of January 2019) to take concrete steps to accelerate the return of stability in the global oil market.



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'Caracas Sphere' (Esfera Caracas), an important monument in the Venezuelan capital.

The National Pantheon in Caracas, Venezuela, contains the remains of Simón Bolívar and other national heroes.



OPEC bulletin 1/19

Alamy

## Key landmarks

The Venezuelan capital of Caracas features various iconic attractions that serve as a testament to the legacy and heritage that the city has accumulated over its long history. To provide the reader with a taste of the beautiful Caracas, the OPEC Bulletin describes two of its exquisite landmarks.

## Parque del Este

Parque del Este, or East Park, is a public recreational park that was opened in 1961, and is considered one of the city's most important attractions.

The 82-hectare park was designed by a number of architects, including the renowned Roberto Burle Marx. Born in 1909, Marx was a Brazilian landscape architect, who was known for developing unique designs for parks and gardens. Marx is also recognized as the first architect to introduce the modernist landscape architecture to Brazil. He died in 1994.

The park comprises three areas. The first is an open field decorated by grass, while the second is a heavily

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*View of the iconic Caracas mountain Ávila.*

forested zone penetrated by meandering pathways. The third area consists of a series of paved gardens, decked with tiled murals and water works.

In 2002, the park was named Francisco de Miranda, in honour of the Venezuelan national hero. The park is managed and overseen by the National Park Institute (INPARQUES).

### **Palacio Federal Legislativo**

Palacio Federal Legislativo, in English the Federal Legislative Palace, is a historic building found in the Venezuelan capital, accommodating the country's

National Assembly and National Constitutional Assembly. It is located to the southeast of the Plaza Bolívar, another splendid attraction in Caracas.

The elegant building was constructed in 1872 under the supervision of President Antonio Guzmán Blanco. Luciano Urdaneta Vargas was the key architect in developing the design of the unique landmark, who embraced a contemporary approach during the process.

The building is also decorated by a magnificent golden dome, and a number of unique paintings and portraits, such as the Battle of Carabobo painting. Nowadays, the Palacio Federal Legislativo is deemed a National Historic Monument.



*The cityscape near the Caracas airport on the coast of Caracas in the north of Venezuela.*

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## Briefings

Students and professional groups wanting to know more about OPEC visit the Secretariat regularly in order to receive briefings from the Public Relations and Information Department (PRID). PRID also visits schools under the Secretariat's outreach programme to give them presentations on the Organization and the oil industry. Here we feature some snapshots of such visits.

### Visits to the Secretariat



**November 5**

Students from the Grenoble Ecole de Management (GEM), the Grenoble Business School, Lyon, France.



**November 13**

Students from the Hochschule Nordhausen, Kirchworbis, Germany.



**November 15** Students from the University of Debrecen, Debrecen, Hungary.



**November 19** Students from the IES Abroad, Vienna, Austria.



**November 27** Students from the Europaeum, Regensburg, Germany.



**December 19** Students from the Lycée Jeanne d'Arc, Nancy, France.



Ario Omiđvar

Outreach Programme

# OPEC: reaching out to the world

Since its formation in 1960, OPEC has not only tirelessly worked towards supporting stability in the international oil market, it has also been committed towards the welfare of its Member Countries and the global community at large. OPEC and its employees, through different initiatives and work, have been diligently impacting the quality of lives for people all over the world, including in Austria. One of these initiatives is the Organization's 'Outreach Program', executed and coordinated by the Public Relations and Information Department (PRID), which is designed to raise awareness about the Organization and support local communities in educational outreach activities and other charitable initiatives. **Hind Zaher**, PR Specialist at the OPEC Secretariat, reports on some of the 2018 initiatives.



## Supporting children in need

OPEC is a regular supporter of the annual United Nations Women's Guild (UNWG) Charity Bazaar. The proceeds of this international fundraising event go to support children in need throughout the world. The event is held annually in December at the Austria Center in Vienna and features an international festival bazaar of more than 80 countries that come together to showcase their heritage, cuisine and craft in a unique cultural and culinary atmosphere.

The theme of this December 2018 bazaar was 'Joining hands to support children', with all donations and proceeds helping disadvantaged children from around the world through the financing of projects in education, health, shelter, water, sanitation, among others.

The event was attended by more than 2,800 visitors, with many visitors expressing interest in the Organization's flagship publications, taking photos next to the roll-ups of OPEC and expressing their appreciation of the Organization's work and success. In recognition of OPEC's commitment and continuous support

over the years, the UNWG expressed its sincere gratitude to OPEC and its staff members for their loyal support, honouring the Organization with a certificate of appreciation.



## Supporting future scientists and engineers

The Organization has always recognized the important role of the younger generation in shaping the future of the oil industry. As a loyal supporter of future generations, in 2018 OPEC once again sponsored the Annual International Science and Engineering Fair for middle and high school students of international schools in Vienna, Prague, Brno, Bratislava and Sofia.

The 2018 Science Fair accentuated the fields of Science, Technology, Engineering and Math (STEM). The Fair took place on April 21, 2018, and was hosted by the Vienna International School. The theme for the event was 'STEM, not just a part of a plant!' The Science & Engineering event was organized by the Vienna Chapter of Institute of Nuclear Materials Management (INMM) with the aim of promoting science and engineering subjects in schools and encouraging younger generations to pursue careers in science and engineering.

More than 130 students from 11 different international schools, from four different countries participated in two divisions, a junior division and a senior division, covering a variety of categories, including computer science and mathematics, life science and animals, earth and space science, environmental science, machines and technology, health science, physical principles, as well as chemistry and physics.

In the morning, participating students presented their projects to volunteer science and engineering judges, explain-

ing the methods they used and the outcomes of their research. The Fair was then opened to public viewing in the afternoon.

OPEC sponsors this event as a platinum exhibitor, displaying some of its most important publications and screening its films during the event. In an attempt to raise awareness and enhance knowledge about the Organization and the oil industry, a short quiz was also presented for students to complete. Students were able to view the films being screened and consult the various OPEC publications to answer the questions. OPEC's stand was well attended and visited by students, teachers, parents, judges and staff members.

Many of the students took the opportunity to ask questions about the Organization's work. They also expressed their interest in knowing more about the industry and the functions of the OPEC Secretariat. The OPEC publication, I need to know: an introduction to the oil industry and OPEC, was distributed among students.



An invitation was extended to all participating schools to visit the OPEC Secretariat in Vienna for a briefing.

The event concluded with an awards banquet ceremony where the names of the winning projects were announced and winners received a certificate and several gift awards.

A certificate of appreciation was awarded to OPEC for contributing as a platinum-level exhibitor. The organizers

expressed their gratitude to OPEC not only for sponsoring the event, but also for engaging the students in the Organization's aims and objectives, as well as the oil industry. Additionally, OPEC was commended for contributing to the success of the event and for "promoting the spirit of scientific enquiry" and "making a difference in lives of promising talented young scientist and engineers."

## Engaging Austria's future petroleum engineers

As part of PRID's Outreach Programme, OPEC has also made special visits to local organizations and academic institutions in 2018.

One of these visits was to Montan University in Leoben, Austria, which is considered one of the top ranking mining universities in Europe. The university has around 3,500 students. The Organization's relationship with Montan University goes back many years, and today the OPEC Secretariat receives regular group visits from the university's students.

Moreover, in recognition of the important role it plays in developing Austria's future petroleum engineers, OPEC sponsored talented students from Montan University to attend and benefit from its premier industry event, the 7<sup>th</sup> OPEC International Seminar, which was held on the June 20–21, 2018, at the Imperial Hofburg Palace, Vienna, Austria.

Recently, OPEC also received an invitation from the Montan University, Leoben student chapter of the Society of Petroleum Engineers (SPE), to participate at their annual conference 'SCOPE 2018 — Innovation & New Technology'. The Conference was held at the University's campus from October 15–17, 2018.

A representative from the Research Division, Energy Studies Department, represented the OPEC Secretariat at this Conference, taking part as a panelist in the session 'The 4<sup>th</sup> Industrial Revolution in the Oil and Gas Industry'. The panel members included oil industry representatives, as well as academics.

This was followed by an interactive question and answer session in which participants inquired on digitalization. In response to this, the OPEC representative stated that digitalization can and will affect the oil and gas business, namely that it will require a higher level of teamwork than in the past. He also responded to questions related to the future labour market for young petroleum engineers. The panelists taking part in this session were of the opinion that the industry will continue to need a high number of petroleum engineers in the future, with an emphasis on IT skills, which will become much more important in the future.

The conference was followed by a field trip to OMV's upstream laboratories, with a guided bus tour through the oil fields in the Vienna Basin and a demonstration at OMV's 3D visualization centre.



Group photograph taken after the successful 7<sup>th</sup> OPEC International Seminar in June 2018 in Vienna, showing some of the delegated, invited students, the Superar children's choir and OPEC staff members.

## Briefing programme

One of the most important ways to reach out to the public is by engaging them in our work and welcoming them to our home at the OPEC Secretariat. In 2018, the Public Relations & Information Department conducted more than 72 different briefings, welcoming more than 2,035 visitors from more than 30 different countries (see also page 68).

The briefing programme starts with a welcoming reception, followed by an interaction introductory session with each group. A general presentation about the history of the Organization, its Member Countries, organizational structure and other related topics is also offered. This is usually followed by screening a short video ‘Instrument of Change’, before it concludes with a Q&A session.

The visitors usually come from professional institutions, companies, universities and schools. They also get the opportunity to provide their feedbacks and share their impressions about the visit. Depending on availability and time, a short visit to the main conference room is also included, where visitors can have the feel of this important venue where OPEC decisions are usually made and see the cultural aspect of our Member Countries through the beautiful paintings, sculptures and crafts donated by OPEC Member Countries. The visit to the main conference room is highly appreciated by groups and considered one of the highlights of visits for some groups:

*“We enjoyed very much our visit at the OPEC Secretariat during our yearly study trip in Vienna in November 2018, coming for a week from Grenoble, France, thanks to OPEC’s comprehensive presentation and explanations about OPEC’s history and work, and the good PR team involved, the students of the energy management, MS students from the GEM and ENSE3 French schools, gained more knowledge about OPEC. We also really appreciated the visit to the Main Conference Room and the welcome reception, of course.”*

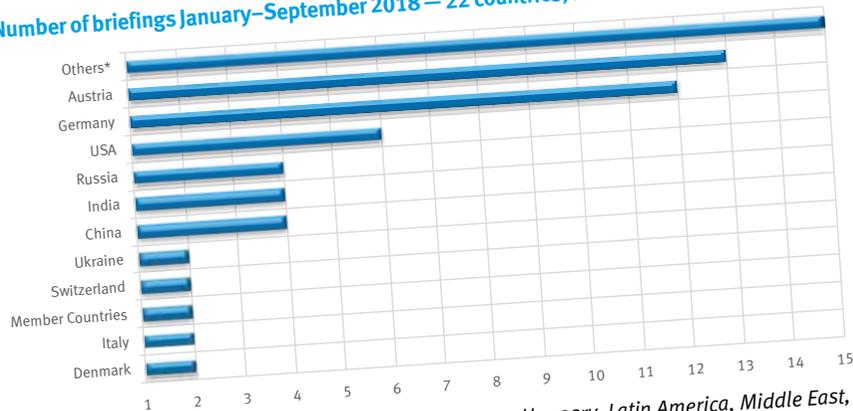
— Fabrice Arroyo, GEM

## Reaching out

While OPEC is perceived differently by different people and nations, the Secretariat’s ‘Outreach Programme’ tries to understand and if necessary address these perceptions, through communication, knowledge, learning and interaction, bridging any gaps and creating a better understanding of the industry and OPEC alike.

There is nothing better than concluding with what Mohammad

Number of briefings January–September 2018 — 22 countries, 72 briefings, 2,035 visitors



Others: Brazil, Canada, Czech Republic, Finland, France, Hungary, Latin America, Middle East, Poland, South Korea, United Kingdom.

Some of the groups see visiting OPEC, not only as an opportunity to better understand the Organization’s goals and objectives and to garner an appreciation of its work and the industry as a whole, but also a means to get directly involved, appreciating the opportunity of having this two-way communication programme:

*“...Before I came, OPEC was such a mysterious and a distant organization for me — I’ve only ever seen it on the television and in my textbooks. But just after several hours of communication, I surprisingly found that OPEC and petroleum industry are so close to us.”*

— Chen Yu 陈瑜, Tamkung University, China

Many visitors have also expressed their appreciation for getting the chance to address any misperceptions of OPEC and to have the correct information from the source, taking with them some of OPEC’s publications and a profound memory of this unique visit.

For all groups who would like to visit the Organization in 2019, please fill out the group visit form that is available on the OPEC website: [www.opec.org/opec\\_web/en/contact/358.htm](http://www.opec.org/opec_web/en/contact/358.htm).



Sanusi Barkindo, the OPEC Secretary General, said during the 7<sup>th</sup> OPEC International Seminar: “As history has shown us, working together can help us build bridges, and achieve great things... OPEC means many things to different people ... but above all, OPEC is about people; OPEC is a community; and, most importantly, OPEC is a family.”



## Forthcoming events

**Asia-Pacific energy assembly, January 30–31, 2019**, Singapore. Details: Oil and Gas Council, 78 Shenton Way #20-03, 079120 Singapore. Tel: +65 65 90 39 78; website: <https://oilandgascouncil.com/event-events/asia-pacific-energy-assembly>.

**5<sup>th</sup> well site automation 2019, January 30–February 1, 2019**, Houston, TX, USA. Details: American Business Conferences, City Centre One, 800 Town & Country Blvd, Suite 300, Houston, Texas 77024, USA. Tel: +1 800 721 3915; fax: +1 800 714 1359; e-mail: [info@american-business-conferences.com](mailto:info@american-business-conferences.com); website: [www.wellsite-automation.com](http://www.wellsite-automation.com).

**Deepwater operations, February 5–7, 2019**, Galveston, TX, USA. Details: PennWell, 1421 S. Sheridan Road, Tulsa, Oklahoma 74112, USA. Tel: +1 918 835 3161; fax: +1 918 831 9497; e-mail: [sneighbors@pennwell.com](mailto:sneighbors@pennwell.com); website: [www.offshore-event.com/index.html](http://www.offshore-event.com/index.html).

**Egypt petroleum show, February 11–13, 2019**, Cairo, Egypt. Details: dmg :: events, 6<sup>th</sup> floor, Northcliffe House, 2 Derry Street, London W8 5TT, UK. Tel: +44 20 3615 2873; fax: +44 20 3615 0679; e-mail: [conferencemarketing@dmgevents.com](mailto:conferencemarketing@dmgevents.com); website: [www.egyptps.com](http://www.egyptps.com).

**Australasian oil and gas exhibition and conference, February 13–15, 2019**, Perth, Australia. Details: Diversified Communications, Melbourne Office, Level 5, 636 St Kilda Rd, VIC 3004, Australia. Tel: +61 3 92 61 45 00; fax: +61 3 92 61 45 45; e-mail: [aogvp@divcom.net.au](mailto:aogvp@divcom.net.au); website: <https://aogexpo.com.au>.

**Kuwait international HSE conference and exhibition, February 15, 2019**, Salmiya, Kuwait. Details: dmg :: events, 6<sup>th</sup> floor, Northcliffe House, 2 Derry Street, London W8 5TT, UK. Tel: +44 20 3615 2873; fax: +44 20 3615 0679; e-mail: [conferencemarketing@dmgevents.com](mailto:conferencemarketing@dmgevents.com); website: <https://dmgeneryevents.co.uk/event/kuwait-international-hse-conference-exhibition>.

**SPE Middle East energy summit, February 18, 2019**, Manama, Bahrain. Details: Society of Petroleum Engineers, Dubai Knowledge Village, Block 17, Offices S07-S09, PO Box 502217, Dubai, UAE. Tel: +971 4 390 3540; fax: +971 4 366 4648; e-mail: [spedub@spe.org](mailto:spedub@spe.org); website: [www.spe.org/events/en/2019/summit/19baes/middle-east-energy-summit.html](http://www.spe.org/events/en/2019/summit/19baes/middle-east-energy-summit.html).

**Middle East oil and gas show and conference, February 18–19, 2019**, Manama, Bahrain. Details: Society of Petroleum Engineers, PO Box 215959, Dubai, UAE. Tel: +971 4 45 75 800; e-mail: [spedub@spe.org](mailto:spedub@spe.org); website: <https://meos19.com>.

**Africa energy Indaba 2019, February 18–20, 2019**, Johannesburg, South Africa. Details: Siyenza Management (Pty) Ltd, PO Box 3738, Cramerview, 2060, South Africa. Tel: +27 11 46 39 184; e-mail: [info@energyindaba.co.za](mailto:info@energyindaba.co.za); website: [www.africaenergyindaba.com](http://www.africaenergyindaba.com).

**2<sup>nd</sup> Japan LNG and gas summit, February 19–20, 2019**, Tokyo, Japan. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: [sshelton@thecwcgroup.com](mailto:sshelton@thecwcgroup.com); website: [www.cwcjapanlng.com](http://www.cwcjapanlng.com).

**International petroleum week, February 26–28, 2019**, London, UK. Details: Energy Institute, 61 New Cavendish Street, London W1G

7AR, UK. Tel: +44 207 467 7116; fax: +44 207 580 2230; e-mail: [jwarner@energyinst.org.uk](mailto:jwarner@energyinst.org.uk); website: [www.ipweek.co.uk](http://www.ipweek.co.uk).

**International petroleum technology conference, February 26–28, 2019**, Beijing, China. Details: IPTC Asia-Pacific Office, Asi-Pacific Office, Suite 12.01, Level 12, Menara IGB, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia. Tel: +60 32 18 23 000; e-mail: [ptc@iptcnet.org](mailto:ptc@iptcnet.org); website: [www.iptcnet.org/19iptc/home](http://www.iptcnet.org/19iptc/home).

**Middle East technology forum for refining and petrochemicals, February 26–28, 2019**, Abu Dhabi, UAE. Details: Euro Petroleum Consultants Ltd, 44 Oxford Drive, Bermondsey Street, London SE1 2FB, UK. Tel: +44 207 357 8394; fax: +44 207 357 8395; e-mail: [enquiries@europetro.com](mailto:enquiries@europetro.com); website: [www.europetro.com/week/metech2019](http://www.europetro.com/week/metech2019).

**Offshore pipeline technology conference, February 26–28, 2019**, Amsterdam, The Netherlands. Details: Informa Group PLC, 5 Howick Place, London SW1P 1WG, UK. +44 207 01 75 000; e-mail: [headoffice@informa.com](mailto:headoffice@informa.com); website: <https://energy.knect365.com/offshore-pipeline-technology>.

**Ukrainian energy forum, February 26–28, 2019**, Kyiv, Ukraine. Details: Adam Smith Conferences, 6<sup>th</sup> Floor, 29 Bressenden Place, London SW1E 5DR, UK. Tel: +44 207 017 7444; fax: +44 207 017 7447; e-mail: [info@adamsmithconferences.com](mailto:info@adamsmithconferences.com); website: [www.ukrainianenergy.com](http://www.ukrainianenergy.com).

**12<sup>th</sup> carbon dioxide utilization summit, February 27–28, 2019**, Houston, TX, USA. Details: Active Communications International, 5–13 Great Suffolk Street, 4<sup>th</sup> Floor, London SE1 ONS, UK. Tel: +44 207 981 98 00; fax: +44 207 593 00 71; e-mail: [claire@acieu.net](mailto:claire@acieu.net); website: [www.wplgroup.com/aci/event/co2-us](http://www.wplgroup.com/aci/event/co2-us).

**5<sup>th</sup> world congress and expo on gas and petroleum engineering, February 28–29, 2019**, Milan, Italy. Details: Scifed Ltd, 27 Old Gloucester Street, London WC1N 3AX, UK. Tel: +44 20 34 77 80 09; e-mail: [contact@scifed.com](mailto:contact@scifed.com); website: <https://scientificfederation.com/wceogpe-2019/index.php#contact>.

**LNGgc Asia, February 27–28, 2019**, Singapore. Details: Informa Group PLC, 5 Howick Place, London SW1P 1WG, UK. Tel: +44 207 01 75 000; e-mail: [headoffice@informa.com](mailto:headoffice@informa.com); website: <https://energy.knect365.com/lnggc-asia>.

**Saudi downstream, March 5–6, 2019**, Yanbu Industrial City, Saudi Arabia. Details: 8 Tyers Gate, London SE1 3HX, UK. Tel: +44 44 20 33 28 95 81; e-mail: [james@bme-global.com](mailto:james@bme-global.com); website: [www.saudidownstream.com](http://www.saudidownstream.com).

**LNG supplies for asian markets, March 5–8, 2019**, Singapore. Details: Conference Connection Administrators Pte Ltd, 105 Cecil Street #07-02, The Octagon, 069534 Singapore. Tel: +65 6222 0230; fax: +65 6222 0121; e-mail: [info@cconnection.org](mailto:info@cconnection.org); website: [www.cconnection.org/events/lnga-2019](http://www.cconnection.org/events/lnga-2019).

**Central Eastern European gas conference, March 12–13, 2019**, Zagreb, Croatia. Details: dmg :: events, 6<sup>th</sup> floor, Northcliffe House, 2 Derry Street, London W8 5TT, UK. Tel: +44 20 3615 2873; fax: +44 20 3615 0679; e-mail: [conferencemarketing@dmgevents.com](mailto:conferencemarketing@dmgevents.com); website: [www.theceegas.com](http://www.theceegas.com).



# Review of 2018; outlook for 2019

## December 2018

After a healthy start to the year, the world economy in 2018 was marked by a rising divergence in growth trends. Within the OECD, the US managed to grow by a much higher rate than other economies, fueled by an extraordinary fiscal stimulus. Additionally, growth trends in the emerging and developing economies have become increasingly diverse, with high growth levels in India and China, while Russia, Brazil and others have managed only minor growth. Moreover, in the second half of the year, global growth trends became more fragile as growth in some major advanced economies slowed further. Also, currency issues along with fiscal challenges continued to have serious implications for some of the G20 economies, namely Argentina, Turkey and South Africa. Nonetheless, the global economic growth forecast for this year stands at a high level of 3.7 per cent in 2018, but the momentum is forecast to slow to 3.5 per cent in 2019. Rising trade tensions, monetary tightening and geopolitical challenges are among the issues that skew economic risks even further to the downside in 2019. The upside appears limited, but is mainly resulting from a resolution of trade-related issues and the possibility of slower than currently anticipated monetary policy normalization by G4 central banks.

World oil demand in 2018 is projected to grow at a slower rate than during the previous year, albeit at healthy levels. Oil demand growth for 2018 is estimated at 1.50 million barrels/day, which was revised down by around 150,000 b/d from the forecast in July 2018. In OECD Americas, growth is driven by the significant expansion of petrochemical plants in the US, as well as solid economic activities. In the non-OECD, Other Asia is projected to lead demand growth, sustained by robust oil product consumption in India, Indonesia, Singapore and Thailand. Conversely, demand in the Middle East has weakened in response to economic reforms including subsidy removals, substitution plans and energy efficiency-related policies.

For next year, global oil demand is forecast to increase by around 1.29m b/d, some 160,000 b/d lower than the initial forecast in July 2018, to average 100.1m b/d, thereby surpassing the historical 100m b/d threshold on an annual basis. In the OECD region, oil demand is projected to grow by 250,000 b/d. Consumption in

OECD Americas is expected to be firmly in the positive, driven by solid NGL and middle distillate requirements. In the non-OECD region, growth is anticipated to be around 1.04m b/d, with slightly lower growth in China compared to this year. Other regions, such as Latin America and the Middle East, are expected to see higher growth y-o-y.

This year, non-OPEC oil supply growth outpaced initial market expectations and now stands at 2.50m b/d, compared to 2.00m b/d in July 2018. Higher-than-expected supply growth in the US, Canada and Russia has been the key contributor to the upward revisions, particularly with regard to US tight oil. US oil output is now projected to grow by 2.13m b/d in 2018. Non-OPEC supply is expected to see continued strong growth in 2019 on the back of increased investment in US tight oil, as well as robust growth expected from new projects in Brazil.

Higher output in the UK due to upstream projects will also contribute to next year's growth. Consequently, non-OPEC supply is estimated to grow by 2.16m b/d in 2019, an upward revision of around 60,000 b/d from initial forecasts in July 2018. The forecast for the next year is subject to considerable uncertainties, particularly with regard to continued improvements in the productivity of US shale, oil transportation bottlenecks in the Permian Basin and Western Canada, and expected projects coming on-stream in other non-OPEC countries.

Based on the above forecasts, demand for OPEC crude in 2019 is expected to stand at 31.4m b/d, which is lower than the demand levels seen this year. The decision of the 175<sup>th</sup> Meeting of the OPEC Conference and the 5<sup>th</sup> OPEC and non-OPEC Ministerial Meeting to adjust overall production by 1.2m b/d, effective as of January 2019 for an initial period of six months, should contribute to sustainability of market stability. 



# MOMR ... oil market highlights

## December 2018

**Crude oil price movements** — The OPEC Reference Basket (ORB) ended November down by \$14.06, or 17.7 per cent, month-on-month (m-o-m), to average \$65.33/barrel, its lowest level since last March. Year-to-date (y-t-d), the ORB value was \$19.14, or 37.1 per cent, higher at \$70.75/b compared with the same period in 2017. Crude oil futures also dropped in November amid weaker market fundamentals as the market focused on global oil supply, which rose faster than expected. ICE Brent prices witnessed eight consecutive weekly declines to reach their lowest level since October 2017 on a daily basis. ICE Brent was on average \$14.68, or 18.2 per cent, m-o-m lower at \$65.95/b, and NYMEX WTI fell \$14.06, or 19.9 per cent, m-o-m to average \$56.69/b. Y-t-d, ICE Brent is \$18.92, or 35.1 per cent, higher at \$72.87/b, while NYMEX WTI increased by \$16.03, or 31.9 per cent, to \$66.27/b. The first-month ICE Brent/NYMEX WTI spread narrowed 62¢ to \$9.26/b, from \$9.87/b in the previous month. Both the ICE Brent and NYMEX WTI forward curves were in contango in November as global oil supply grew faster than oil demand, leading to higher oil stocks. The Dubai backwardation structure eased sharply in November due to higher crude oil supply. Hedge funds and other money managers continued to reduce their combined speculative net length positions linked to both ICE Brent and NYMEX WTI to reach their lowest levels since more than a year.

**World economy** — The global economic growth forecast remains unchanged at 3.7 per cent for 2018 and at 3.5 per cent for 2019. In the OECD, growth in the US is unchanged at 2.9 per cent for 2018 and at 2.6 per cent for 2019. Euro-zone growth remains at 1.9 per cent for 2018 and 1.7 per cent for 2019. GDP growth in Japan was revised down slightly to 1.0 per cent for 2018, but is unchanged at 1.1 per cent for 2019. In the non-OECD countries, both India's and China's growth forecasts remain at 7.5 per cent and 6.5 per cent for 2018, respectively, and at 7.2 per cent and 6.1 per cent, respectively, for 2019. Growth in Brazil remains unchanged at 1.1 per cent for 2018 and at 1.8 per cent for 2019. Russia's GDP growth forecast is also unchanged at 1.6 per cent for 2018 and 1.7 per cent for 2019. While the upside to global growth is limited, the risk remains skewed to the downside amid ongoing

trade tensions, monetary tightening and geopolitical challenges.

**World oil demand** — In 2018, world oil demand growth is foreseen rising by 1.50 mb/d, unchanged from last month's report. OECD Americas is expected to lead growth in OECD regions in response to strong gains for light and middle distillates throughout 2018. Other Asia is projected to lead demand growth in non-OECD and globally after strengthened product demand growth in India, Indonesia, Singapore and Thailand. Total oil demand is now pegged at 98.79 mb/d. In 2019, world oil demand is anticipated to rise by 1.29 mb/d, similar to last month's projections. As a result, total world oil demand is anticipated to reach 100.08 mb/d. Oil demand growth is projected to originate from Other Asia, led by India, followed China, then OECD Americas. OECD countries will rise by 0.25 mb/d, while non-OECD countries will drive oil demand growth by adding an estimated 1.04 mb/d in 2019.

**World oil supply** — Non-OPEC oil supply growth in 2018 is estimated at 2.50 mb/d, an upward revision of 0.19 mb/d from the previous month's assessment. The US, Canada, Russia and Kazakhstan are expected to be the main growth drivers, while Mexico and Norway are anticipated to show the largest declines. With this, total non-OPEC supply for 2018 is now estimated at 60.03 mb/d. Non-OPEC oil supply growth in 2019 was revised down by 80,000 b/d to stand at 2.16 mb/d and is now forecast to reach an average of 62.19 mb/d. This is mainly due to a lower oil supply forecast for Canada given Alberta's announcement of a mandatory production adjustment, as well as downward supply forecast adjustments for the ten non-OPEC participants in the Declaration of Corporation in the first half of 2019. The US, Brazil, Russia and the UK are the main drivers for next year's growth, while Mexico and Norway are expected to see sizeable declines. OPEC NGLs in 2018 and 2019 are expected to grow by 100,000 b/d and 110,000 b/d to average 6.34 mb/d and 6.45 mb/d, respectively. In November, OPEC crude oil production decreased by 11 tb/d to average 32.97 mb/d, according to secondary sources.

**Product markets and refining operations** — Product markets in the Atlantic Basin during

November showed mixed performances. In the US, product markets weakened slightly despite positive performance at the middle of the barrel due to considerable gasoil and jet/kerosene inventory drawdowns. In Europe, product markets showed a strong recovery from the slump witnessed in the previous month, supported by soaring cracks in the middle and bottom of the barrel. Moreover, European product markets also benefitted from an additional boost all across the barrel driven by the decline in feedstock costs as well as bullish sentiment as refineries in France went on strike. In Asia, product markets continued to weaken, exhibiting slight losses in November as steep declines in cracks at the top of the barrel weighed on margins despite strong positive performances in the bottom of the barrel.

**Tanker market** — The tanker market experienced a general strengthening trend in November as freight rates in both the dirty and clean segments of the market increased. On average, dirty tanker spot freight rates rose by 21 per cent from the previous month on the back of increased tonnage requirements, tonnage tightening and transit delays. The enhanced market activities were seen to drive rates higher in several areas, affecting all tanker sectors in the market, moreover a reduction in bunker prices reduced operational costs, thereby enhancing earnings.

**Stock movements** — Preliminary data for October showed that total OECD commercial oil stocks rose by 7.6 mb m-o-m for the fourth consecutive month to settle at 2,883 mb, which is 41 mb lower than the same time one year ago but 22.5 mb above the latest five-year average. Within the components, crude stocks indicated a surplus of 4.0 mb, while product stocks were 18.5 mb above the latest five-year average. In terms of days of forward cover, OECD commercial stocks rose by 0.5 days m-o-m to stand at 60.0 days in October, which was 1.0 day below the same period in 2017 and 1.2 days lower than the latest five-year average.

**Balance of supply and demand** — Demand for OPEC crude in 2018 is estimated at 32.4 mb/d, which is 1.1 mb/d lower than the 2017 level. In 2019, demand for OPEC crude is forecast at 31.4 mb/d, around 1.0 mb/d lower than the estimated 2018 level.



*The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for December 2018. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website ([www.opec.org](http://www.opec.org)), provided OPEC is credited as the source for any usage. The additional graphs and tables on the following pages reflect the latest data on OPEC Reference Basket and crude and oil product prices in general.*

**Table 1: OPEC Reference Basket spot crude prices**
**\$/b**

Crude/Member Country	2017		2018										Weeks 44-48/2018 (week ending)					
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Nov 2	Nov 9	Nov 16	Nov 23	Nov 30
Arab Light – Saudi Arabia	61.08	62.50	67.42	64.03	64.40	68.91	74.68	74.26	74.16	73.38	78.16	80.02	66.36	74.94	71.42	67.51	64.12	59.75
Basrah Light – Iraq	60.21	61.44	66.11	62.31	62.27	67.06	72.83	71.90	72.02	71.10	76.18	78.26	64.12	72.84	69.23	65.24	61.66	57.69
Bonny Light – Nigeria	63.29	64.64	69.92	66.02	67.05	72.75	77.73	74.86	75.06	73.29	79.45	82.09	65.90	75.44	71.29	67.17	62.57	59.93
Djeno – Congo*	61.75	62.83	67.42	62.97	64.08	69.31	73.84	70.58	70.91	69.66	76.18	78.52	62.06	71.76	67.45	63.33	58.73	56.09
Es Sider – Libya	61.58	63.09	68.23	64.36	64.89	70.43	75.25	72.27	72.43	70.74	77.10	79.62	63.11	72.84	68.50	64.38	59.78	57.14
Girassol – Angola	62.97	64.97	69.77	66.09	66.89	71.80	76.75	73.54	74.40	73.20	79.48	82.24	65.66	75.56	71.19	66.95	62.23	59.53
Iran Heavy – IR Iran	59.27	60.87	65.85	62.27	62.15	66.56	72.15	71.69	71.44	70.46	75.28	77.04	62.83	71.74	67.96	64.15	60.38	56.16
Kuwait Export – Kuwait	59.58	60.94	65.74	62.14	62.23	66.99	72.55	72.38	72.33	71.82	76.82	78.56	65.15	73.60	70.17	66.32	62.94	58.53
Marine – Qatar	60.47	61.54	66.36	63.14	63.39	67.63	73.36	72.94	73.06	72.45	76.45	78.89	65.88	74.63	70.98	67.31	63.44	59.04
Merey – Venezuela	55.86	56.04	59.14	57.68	56.94	60.25	68.29	69.25	70.37	67.38	69.31	75.25	65.87	73.20	71.23	67.33	64.21	58.34
Murban – UAE	62.76	63.84	68.81	65.88	66.31	70.97	76.71	76.18	76.00	74.91	78.75	81.28	68.05	77.04	73.28	69.33	65.59	61.19
Oriente – Ecuador	59.23	59.66	63.53	60.28	61.16	65.37	70.39	70.05	69.11	69.39	74.12	75.48	59.76	69.45	65.74	60.02	57.14	53.13
Rabi Light – Gabon	61.66	63.17	68.16	64.19	64.92	70.61	75.88	73.11	73.07	71.86	78.04	80.37	63.91	73.61	69.30	65.18	60.58	57.94
Saharan Blend – Algeria	63.23	64.74	69.93	66.01	66.69	72.13	77.25	73.37	73.93	72.64	79.55	81.12	64.96	74.48	70.35	66.23	61.63	58.99
Zafiro – Equatorial Guinea	62.75	64.34	69.23	65.19	65.91	71.43	76.68	73.84	74.05	72.74	79.10	81.82	65.36	75.06	70.75	66.63	62.03	59.39
<b>OPEC Reference Basket</b>	<b>60.74</b>	<b>62.06</b>	<b>66.85</b>	<b>63.48</b>	<b>63.76</b>	<b>68.43</b>	<b>74.11</b>	<b>73.22</b>	<b>73.27</b>	<b>72.26</b>	<b>77.18</b>	<b>79.39</b>	<b>65.33</b>	<b>74.16</b>	<b>70.51</b>	<b>66.52</b>	<b>62.83</b>	<b>58.80</b>

**Table 2: Selected spot crude prices**
**\$/b**

Crude/country	2017		2018										Weeks 44-48/2018 (week ending)					
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Nov 2	Nov 9	Nov 16	Nov 23	Nov 30
Arab Heavy – Saudi Arabia	59.03	60.47	65.24	61.60	61.49	66.47	72.24	72.30	72.50	72.35	77.14	78.47	65.40	73.70	70.33	66.70	63.24	58.73
Brega – Libya	61.99	63.54	68.68	64.96	65.64	71.33	76.35	73.47	73.63	71.94	78.00	80.42	63.91	73.64	69.30	65.18	60.58	57.94
Brent Dtd – North Sea	62.63	64.14	69.13	65.16	65.89	71.58	76.85	74.17	74.33	72.64	78.80	81.12	64.66	74.36	70.05	65.93	61.33	58.69
Dubai – UAE	60.81	61.61	66.15	62.69	62.76	68.29	74.20	73.61	73.09	72.47	77.22	79.40	65.79	74.54	70.77	67.03	63.56	59.19
Ekofisk – North Sea	63.28	64.98	69.99	65.81	66.63	72.61	78.28	73.99	74.54	72.84	79.30	82.13	65.04	74.97	70.06	66.32	61.89	59.34
Iran Light – IR Iran	62.12	63.37	68.32	62.64	63.44	68.76	74.60	72.56	72.10	70.34	76.40	78.08	62.79	71.84	67.68	63.84	59.96	57.32
Isthmus – Mexico	61.35	62.57	67.57	64.83	65.40	68.10	73.03	70.92	69.63	67.05	74.44	80.03	65.43	74.31	71.03	66.19	62.75	58.95
Oman – Oman	60.84	61.63	66.42	63.00	63.31	68.34	74.38	73.69	73.20	72.72	78.75	80.23	66.31	74.99	71.19	67.66	64.21	59.57
Suez Mix – Egypt	60.83	62.04	66.99	61.31	61.93	67.62	73.67	71.85	71.50	69.81	76.80	78.46	62.71	71.96	67.65	63.71	59.83	57.19
Minas – Indonesia*	55.50	56.95	60.91	58.15	58.90	63.53	68.26	76.72	73.51	66.90	72.02	73.66	59.17	68.52	64.76	60.87	56.46	51.64
Urals – Russia	62.53	63.75	68.69	63.01	63.63	69.16	75.23	73.55	73.20	71.62	78.50	80.16	64.41	73.66	69.35	65.41	61.53	58.89
WTI – North America	56.67	57.94	63.70	62.15	62.76	66.32	69.89	67.70	71.03	67.99	70.20	70.75	56.75	65.07	61.57	56.96	54.62	51.17

Notes:

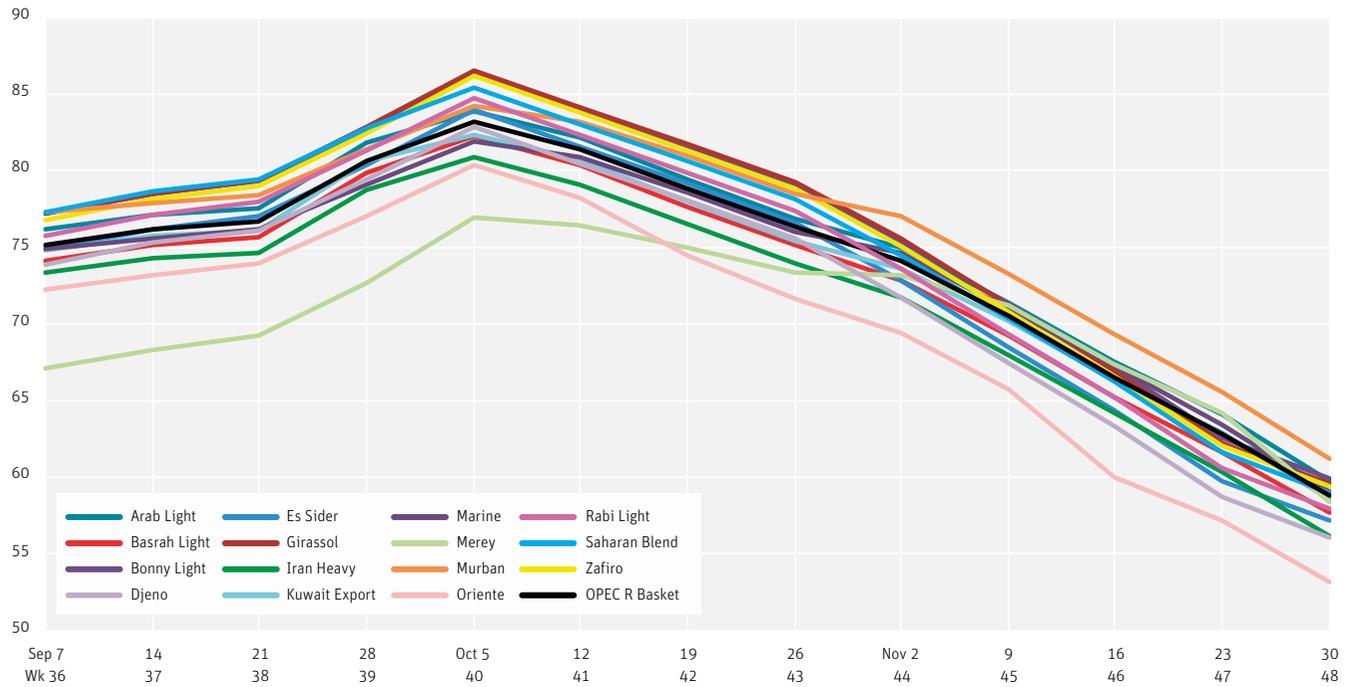
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.

\* The Republic of the Congo joined on June 22, 2018.

Sources: Argus; Secretariat's assessments.

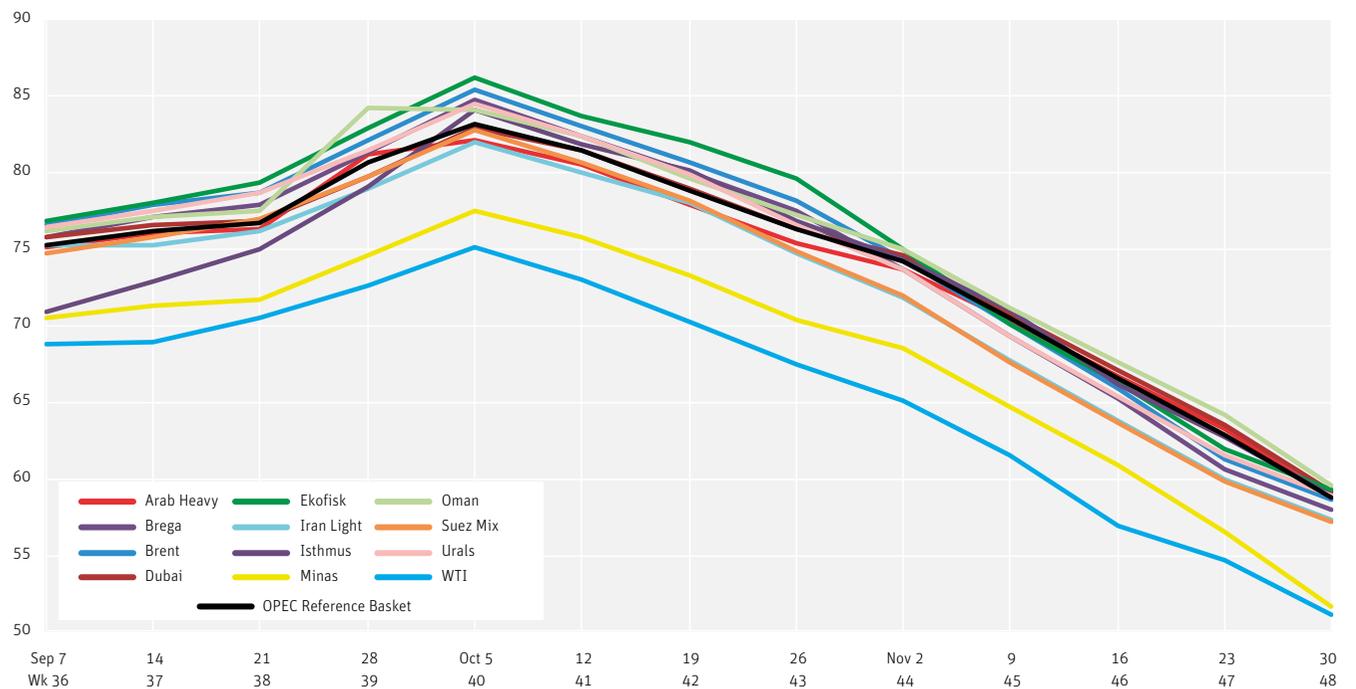
Graph 1: Evolution of the OPEC Reference Basket spot crude prices, 2018

\$/b



Graph 2: Evolution of selected spot crude prices, 2018

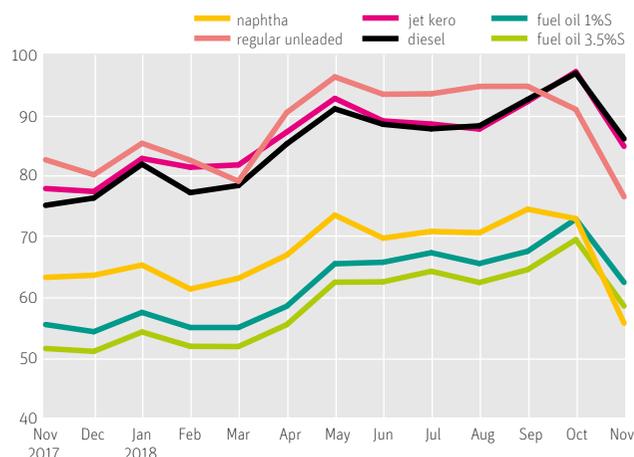
\$/b



**Table and Graph 3: North European market – spot barges, fob Rotterdam**

\$/b

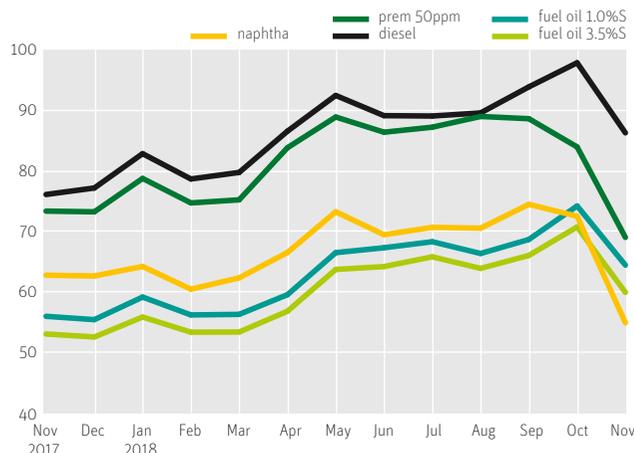
		naphtha	regular gasoline unleaded	diesel ultra light	jet kero	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2017	November	63.44	82.88	75.35	78.12	55.64	51.68
	December	63.79	80.40	76.56	77.64	54.46	51.21
2018	January	65.48	85.60	82.15	83.10	57.65	54.41
	February	61.52	82.80	77.45	81.65	55.15	52.04
	March	63.29	79.34	78.64	82.03	55.15	52.00
	April	67.11	90.68	85.49	87.45	58.66	55.61
	May	73.73	96.58	91.30	93.03	65.69	62.64
	June	69.92	93.71	88.75	89.30	65.94	62.70
	July	71.04	93.79	88.00	88.79	67.51	64.45
	August	70.82	95.01	88.49	87.96	65.73	62.59
	September	74.71	95.03	92.86	92.51	67.75	64.72
	October	73.15	91.20	97.18	97.45	73.08	69.67
	November	55.86	76.78	86.35	85.10	62.61	58.71



**Table and Graph 4: South European market – spot cargoes, fob Italy**

\$/b

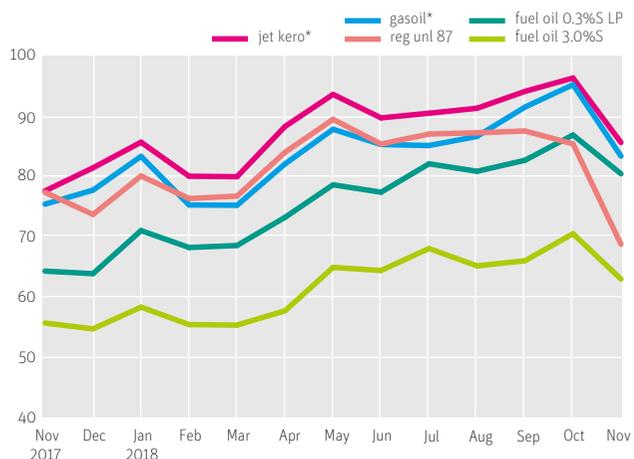
		naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2017	November	62.85	72.97	76.17	56.06	53.14
	December	62.72	72.85	77.24	55.51	52.65
2018	January	64.29	78.36	82.91	59.24	55.94
	February	60.54	74.32	78.73	56.29	53.44
	March	62.41	74.83	79.81	56.38	53.47
	April	66.59	83.43	86.62	59.63	56.90
	May	73.32	88.50	92.52	66.57	63.80
	June	69.53	85.99	89.18	67.38	64.27
	July	70.74	86.82	89.12	68.37	65.88
	August	70.61	88.59	89.63	66.43	63.97
	September	74.54	88.22	93.93	68.74	66.11
	October	72.58	83.56	97.91	74.28	70.81
	November	54.99	68.63	86.34	64.51	60.01



**Table and Graph 5: US East Coast market – spot cargoes, New York**

\$/b, duties and fees included

		regular gasoline unleaded 87	gasoil*	jet kero*	fuel oil 0.3 per cent S	fuel oil 3.0 per cent S
2017	November	77.29	75.33	77.53	64.25	55.65
	December	73.63	77.66	81.35	63.83	54.69
2018	January	80.00	83.24	85.59	70.96	58.29
	February	76.27	75.20	79.96	68.16	55.40
	March	76.67	75.15	79.88	68.49	55.31
	April	83.93	82.00	88.20	73.16	57.68
	May	89.38	87.73	93.51	78.54	64.86
	June	85.29	85.21	89.62	77.31	64.35
	July	86.95	85.04	90.39	82.02	67.99
	August	87.15	86.55	91.21	80.77	65.11
	September	87.45	91.41	94.01	82.60	65.97
	October	85.32	95.12	96.22	86.79	70.44
	November	68.68	83.28	85.54	80.36	62.93



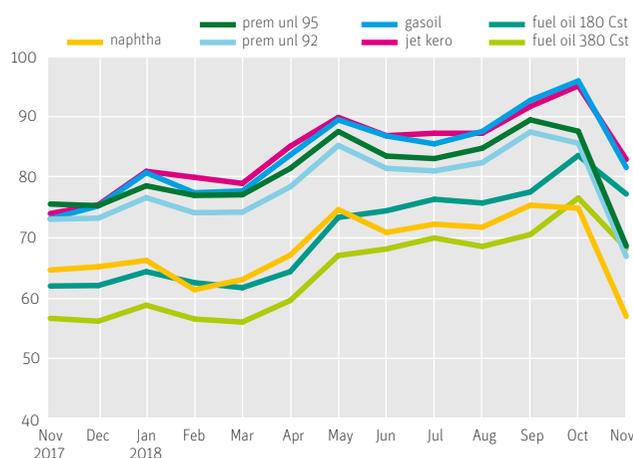
\* FOB barge spot prices.

Source: Argus. Prices are average of available days.

**Table and Graph 6: Singapore market – spot cargoes, fob**

\$/b

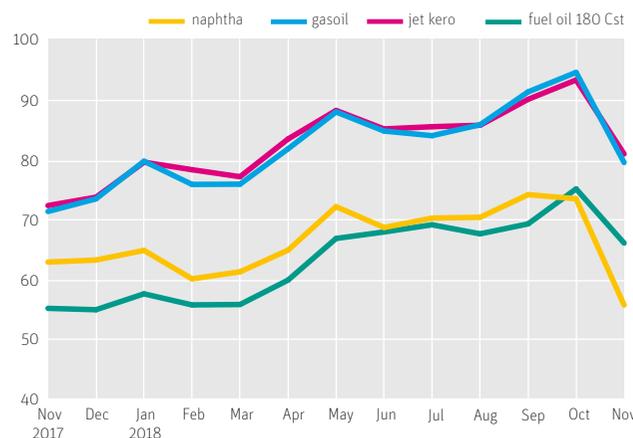
		naphtha	premium gasoline unl 95	premium gasoline unl 92	gasoil	jet kero	fuel oil 180 Cst	fuel oil 380 Cst
2017	November	64.67	75.59	73.07	73.14	74.02	62.02	56.67
	December	65.21	75.32	73.26	75.27	75.45	62.10	56.20
2018	January	66.26	78.61	76.65	80.78	81.00	64.40	58.85
	February	61.41	77.02	74.15	77.46	80.01	62.58	56.56
	March	63.08	77.12	74.25	77.75	79.00	61.74	56.05
	April	67.14	81.50	78.45	83.72	85.16	64.41	59.63
	May	74.66	87.60	85.29	89.52	89.93	73.38	67.07
	June	70.89	83.53	81.50	86.87	86.91	74.47	68.15
	July	72.25	83.11	81.08	85.55	87.31	76.38	69.98
	August	71.76	84.83	82.44	87.61	87.31	75.76	68.57
	September	75.39	89.53	87.51	92.76	91.75	77.59	70.54
	October	74.90	87.64	85.66	95.97	95.16	83.63	76.59
	November	57.01	68.65	66.92	81.63	82.97	77.24	68.25



**Table and Graph 7: Middle East Gulf market – spot cargoes, fob**

\$/b

		naphtha	gasoil	jet kero	fuel oil 180 Cst
2017	November	62.97	71.37	72.35	55.29
	December	63.31	73.46	73.74	55.06
2018	January	64.91	79.71	79.55	57.70
	February	60.19	75.86	78.30	55.86
	March	61.36	75.90	77.14	55.93
	April	64.95	81.77	83.40	59.98
	May	72.17	87.89	88.14	66.89
	June	68.71	84.72	85.07	67.97
	July	70.27	83.95	85.44	69.16
	August	70.40	85.77	85.68	67.66
	September	74.16	91.22	89.99	69.31
	October	73.48	94.46	93.20	75.12
	November	55.84	79.49	80.91	66.12



Source: Argus. Prices are average of available days.

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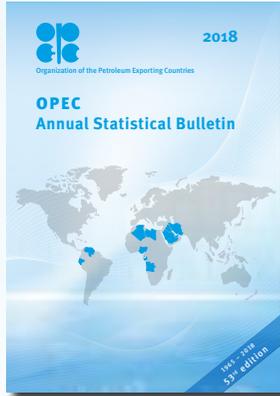
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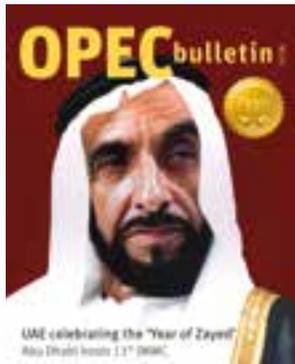


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