OPEC bulletin

1–2/16

UAE's cultural renaissance in full swing

Call for papers

The OPEC Energy Review is a quarterly energy research journal published by the OPEC Secretariat in Vienna. Each issue consists of a selection of original well-researched papers on the global energy industry and related topics, such as sustainable development and the environment. The principal aim of the OPEC Energy Review is to provide an important forum that will contribute to the broadening of awareness of these issues through an intellectual exchange of ideas. Its scope is international.

The three main objectives of the publication are to:

1. Offer a top-quality original research platform for publishing energy issues in general and petroleum related matters in particular.
2. Contribute to the producer-consumer dialogue through informed robust analyses and objectively justified perspectives.
3. Promote the consideration of innovative or academic ideas which may enrich the methodologies and tools used by stakeholders.

Recognizing the diversity of topics related to energy in general and petroleum in particular which might be of interest to its readership, articles covering relevant economics, policies and laws, supply and demand, modelling, technology and environmental matters will be considered.

The OPEC Energy Review welcomes submissions from academics and other energy experts. Prospective authors wishing to submit papers should send them to: Executive Editor, OPEC Energy Review, OPEC Secretariat, Helferstorferstrasse 17, 1010 Vienna, Austria; tel: +43 1 21112-0; e-mail: prid@opec.org.

All correspondence about subscriptions should be sent to John Wiley & Sons, which publishes and distributes the quarterly journal on behalf of OPEC *(see inside back cover)*.

OPEC embraces adoption of historic Paris Agreement on climate change

Abdalla Salem El-Badri, OPEC Secretary General.

OPEC welcomes the historic Paris Agreement on climate change — a testament to an enduring multilateral collaborative effort to address this pressing issue. The Agreement, which comes after many years of negotiations, outlines the world's collective response to tackle climate change. The unprecedented gathering of 150 heads of state and government at COP21[1] in Paris demonstrated both political will and commitment in realizing this landmark international achievement. OPEC considers the Agreement to be forward-looking, ambitious, supportive of sustainable development and vital for protecting the planet.

The Paris Agreement seeks to hold the increase in the global average temperature to well below 2°C above pre-industrial levels. It calls for sustainable development by providing opportunities for the Parties to reduce their emissions through economy-wide and sectoral mitigation actions, in accordance with their state of development, their national circumstances, and in full compliance with the principles and provisions of the UN Framework Convention on Climate Change (UNFCCC).

OPEC has long underscored its support for sustainable development.

As highlighted by OPEC Secretary General, Abdalla Salem El-Badri, OPEC Member Countries have continually sought opportunities to learn about 'best practices' in sustainable development, through exchanging ideas and sharing important lessons with other countries.

"In addition, they have actively helped other developing countries in their own development efforts — through bilateral and multilateral aid programmes," he said.

Following the Paris Agreement, El-Badri, speaking at the Chatham House Conference in January, commented: "The challenges related to the environment and climate change are a concern to us all. We all live in the same world. In this regard, we need to be practical, realistic and equitable."

Historically, energy has been the engine for economic growth. Much of today's socio-economic development is owed to past energy use through various human activities; the development benefits arising from these activities have also resulted in a footprint of greenhouse gas (GHG) emissions. Betterment in living standards through electricity, heating, cooling, lighting, transportation and other activities is taken for granted by many, but there are also those who are deprived of these and who aspire to access them in

> **"The challenges related to the environment and climate change are a concern to us all. We all live in the same world."**
>
> ***— El-Badri***

1. *COP21 was the 21st yearly session of the Conference of the Parties (COP) to the 1992 United Nations Framework Convention on Climate Change (UNFCCC).*

OPEC considers the Paris Agreement to be forward-looking, ambitious, supportive of sustainable development and vital for protecting the planet.

the future. Therefore, climate actions need to consider the development needs of developing countries. Measures such as the development of a high-tech industry or strengthening the contribution of the service sector to the economy have enabled some developed countries to reduce their energy and/or GHG emissions footprint per unit of GDP. However, their need to import energy and/or emissions-intensive products, such as steel or cement, has not been eliminated. Their reliance on the import of such products from developing countries effectively only shifts their GHG emissions footprint.

Sustaining the current level of socio-economic development, and enabling those in poverty to develop, requires the use of energy. The Paris Agreement calls for "equity" for all countries to develop in a sustainable manner. Therefore, it is critical to ensure that less-developed countries and future generations will have equitable access to development opportunities. Furthermore, sustainable development is a collective endeavor and can only be achieved through collective efforts — the Paris Agreement provides an effective platform for such collective efforts by establishing mechanisms for financial support and technology transfer from developed to developing countries for GHG emissions reduction.

Of paramount importance, alleviating energy poverty must take centre stage in climate policies, as many people have no access to lighting and are literally left in the dark; an estimated 1.1 billion people still do not have access to electricity.[2] The COP21 outcome calls for "the need to promote universal access to sustainable energy in developing countries, in particular in Africa."

The oil industry can contribute to this effort by increasing the diversity and continuity of energy services to the poor.

While all OPEC Member Countries are developing countries and aspire to develop, they have also been supportive of other developing nations.

As early as 1975, OPEC was given a mandate to include sustainable development and address environmental matters in its overall work programme.

To that end, the OPEC Fund for International Development (OFID) was established by OPEC Member Countries in 1976 as a collective channel of aid to developing countries. To date 134 countries have benefitted from OFID's financial assistance, totalling $18.7bn through 3,529 operations — many of which are in Africa and address poverty alleviation, including energy poverty, through a range of actions that also support access to renewable energy sources. In addition, most OPEC Member Countries have established funds for international help and cooperation.

Without doubt, climate change is a multi-faceted, complex global challenge that will require the cooperation of all countries to effectively implement the Paris Agreement in a manner that is fair, far-reaching and respects human values.

The petroleum industry has rapidly evolved to become ever-more efficient and environmentally friendly. Improving technology will enhance this ongoing push in the future.

The world has reached a critical turning point with the Paris Agreement. Its ratification and orderly implementation will put the entire world community on a sustainable path that secures everyone's future and preserves the planet for coming generations.

2. *Sustainable Energy for All (SE4All), 2015, at www.se4all.org/tracking-progress.*

Climate change is a multi-faceted, complex global challenge that will require the cooperation of all countries to effectively implement the Paris Agreement in a manner that is fair, far-reaching and respects human values.

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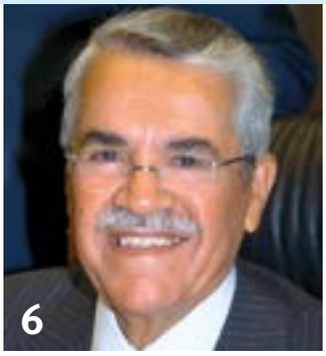

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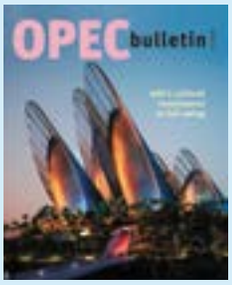

Cover
This month's cover depicts the futuristic Saadiyat cultural district in the United Arab Emirates (see Profile starting on page 42). Image courtesy www.zayednationalmuseum.ae.

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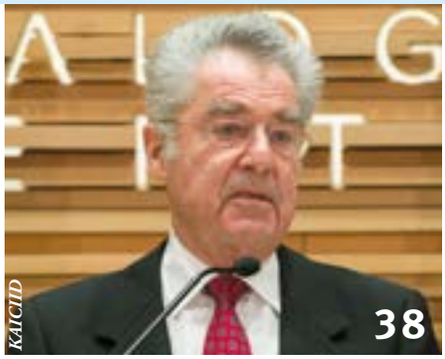
OPEC Membership and aims
OPEC is a permanent, intergovernmental Organization, established in Baghdad, on September 10–14, 1960, by IR Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. Its objective — to coordinate and unify petroleum policies among its Member Countries, in order to secure a steady income 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 12 Members: Qatar joined in 1961; Libya (1962); United Arab Emirates (Abu Dhabi, 1967); Algeria (1969); Nigeria (1971); Angola (2007). Ecuador joined OPEC in 1973, suspended its Membership in 1992, and rejoined in 2007. Gabon joined in 1975 and left in 1995. Indonesia joined in 1962, suspended its Membership on December 31, 2008, and reactivated it again on January 1, 2016.



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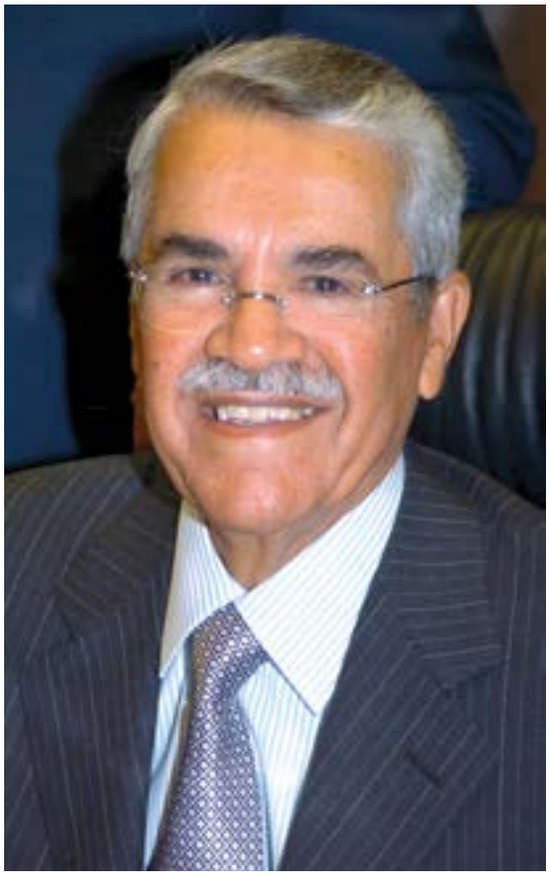
'Mexico Energy Day' marked in Saudi Arabia

Naimi optimistic on oil's future, points to cooperation efforts



Ali I Naimi, Saudi Arabia's Minister of Petroleum and Mineral Resources.

Saudi Arabia's Minister of Petroleum and Mineral Resources, Ali I Naimi, has said he is optimistic about the future and the return of stability to global oil markets.

Speaking at the Secretariat of the International Energy Forum (IEF) in Riyadh in January, he said he was also upbeat about an improvement in international crude oil prices and cooperation among the major oil-producing countries.

Naimi was speaking during 'Mexico Energy Day', marked by a visit to the IEF by a high-level team led by Mexico's President, Enrique Pena Nieto, during his state visit to Saudi Arabia.

The Saudi Minister stressed that Mexico and the Kingdom have an especially important role to play in achieving the objective of oil market stability — "in the past, at the present, and in future."

Naimi noted that the global oil market has been undergoing a period of instability for more than 12 months now. "As you know, the oil market has witnessed over its long history periods of instability, severe price fluctuations, and petro-economic cycles. This is one of them. Market forces, as well as the cooperation among the producing nations, always lead to the restoration of stability. This, however, takes some time," he maintained.

Naimi pointed out that Saudi Arabia has strong ties with the Republic of Mexico, in terms of petroleum, but also in terms of political, economic, cultural and even social ties.

"Our two countries aspire to continue to solidify and expand those relations," he affirmed.

On the petroleum front, he continued, both countries possess large oil and gas resources and both have been major and influential producers in the global arena for decades.

"Both have strong and ever-green national oil industries, ambitious future projects, and substantial and effective mutual and international cooperation."

Naimi recalled that when oil prices plummeted in 1998, the Kingdom and Mexico cooperated very closely to restore market stability and boost prices.

"We managed to create solidarity and cooperation among OPEC Countries as well as with some non-OPEC nations and to settle the outstanding issues at the time, so that in mid-1999 we were able to eradicate the supply and stock surplus, restore market stability and, consequently, improve prices, thus serving the interests of all producers and consumers.

"That was ideal and wonderful cooperation that reflected positively on oil-producing nations, the oil industry and the energy industry as a whole. Our cooperation and direct coordination concerning global oil markets have continued up to the present day," said the Minister.

He stated that Saudi Arabia and Mexico have endeavored not only to create cooperation ties among oil-producing nations, but also to create effective cooperation among oil-producing and consuming countries.

"Both our two countries garner a lot of credibility and respect on the international arena and such cooperation has achieved tangible success," he asserted.

One of its fruits, he said, is the IEF, which brings together major oil-producing and consuming nations.

"We meet today at the offices of the Secretariat General of this Forum, which is run by Aldo Flores Quiroga, a Mexican oil expert with great expertise."

Naimi also pointed to other important areas of cooperation between Saudi Arabia and Mexico, namely in the field of oil and its downstream industries.

"Our two countries have substantial petroleum resources, both discovered and undiscovered, and giant national oil companies; ie Pemex and Saudi Aramco. Both countries have human resources that are distinguished and qualified in the technical areas, and industries and services supporting oil production, which creates more fields for technical and investment cooperation in the oil and oil-related industries," he added.

Petroleum cooperation agreement

Naimi said it was a source of pleasure for him that Saudi Arabia and Mexico were going to sign a petroleum cooperation agreement covering several areas, including exchange of experts, the establishment of joint ventures and the encouragement of mutual investments.

"I am full of hope that this agreement will further solidify the relations and the close cooperation in the oil arena between our two countries," he stressed.

In welcoming both Naimi and the Mexican President, IEF head Flores-Quiroga maintained that the opening of Mexico's energy sector to private investment is a game changer.

"For the first time in over 70 years private and public investment join forces to transform Mexican markets for oil, gas, and electricity. Mexico can now tap the best talent, the best expertise and cutting-edge technology from around the world to build a competitive and sustainable energy sector for the 21st century," he observed.

Flores-Quiroga stated that this opening is clearly important for Mexico, but its impact will be felt well beyond its borders. "Mexico is a large economy and one of the world's top producers and consumers of energy. When Mexico is in motion, markets take note," he professed.

Flores-Quiroga stressed that in the 1930s Mexico virtually started the era of the national oil company, with the founding of Pemex and in the 1970s it discovered one of the last super-giant oil fields — Cantarell.

In the 1980s, he continued, Mexico introduced a formula to price oil that went on to become the standard for international oil market transactions.

"Recently, it has drawn attention for its success in hedging against oil price volatility — one of the most complex challenges of our time."

Flores-Quiroga said that, in every case, Mexico's approach has shaped perceptions of what is possible.

"It is great this Mexico Energy Day takes place at the IEF — the neutral venue for an open exchange of views on energy policy and the evolution of international energy markets," he added.

Flores-Quiroga noted that Mexico was a founding member of the IEF 25 years ago and hosted the 12th IEF Ministerial, where the Cancun Declaration set the stage for a stronger dialogue, improved cooperation, and greater data transparency — all essential to promote energy market stability and enhance energy security.

In his comments, the Mexican President recognized the complexities of the current oil market situation, stressing the importance of cooperation between producers and consumers.

He pointed out that dialogue is essential to promote a global energy market that is stable, reliable, open and efficient, inclusive and sustainable.

The President also laid out ten highlights of 'Energy Reform in Mexico', stressing that through this reform "Mexico wants to participate responsibly in the world's energy development, especially on the basis of the structural changes we have achieved."

Lourdes Melgar, Mexico's Vice-Minister of Hydrocarbons and Victor Luque, Director General for State Productive Enterprises, delivered a presentation on 'Mexico's New Energy Industry: Investing in the Transformation'.

President Peña Nieto's state visit to Saudi Arabia was the first time a Mexican President has visited the Kingdom in over 40 years.

He was accompanied by a delegation of ministers and senior officials, including Pedro Joaquin Coldwell, Secretary of Energy, Claudia Ruiz Massieu, Minister of Foreign Affairs, Aurelio Nuño Mayer, Minister of Public Education, Ildefonso Guajardo Villarreal, Secretary of the Economy, and Gerardo Ruiz Esparza, Secretary of Communications and Transport. Emilio Lozoya Austin, CEO of Mexico's national oil company, PEMEX, also participated in the meetings at the IEF.

'Mexico Energy Day' was attended by members of Saudi Arabia's Shura Council as well as CEOs and senior representatives from a broad cross-section of Saudi commercial concerns.

OPEC Secretary General gives opening address at Chatham House

El-Badri confident oil industry will overcome current challenges

Abdalla Salem El-Badri, OPEC Secretary General.

On January 25, 2016, OPEC Secretary General, Abdalla Salem El-Badri, attended the annual Middle East and North Africa Energy (MENA) Conference at Chatham House in London. This year's prestigious event had as its theme: 'Power, Security and Energy Markets'. In a keynote address which opened the Conference, El-Badri spoke about the readjustment taking place in the international oil market as a result of lower crude prices, but maintained that, as with past challenging periods, the petroleum sector would again recover.

OPEC Secretary General, Abdalla Salem El-Badri, has said in London that he remains optimistic about the future of the international oil industry, stressing that its resilience has enabled it to overcome similar challenges in the past.

"Tough times require tough choices. I know the industry can make these. It has in the past and I am sure it will do this time.

"It is why I remain optimistic about the industry's future," he said in his opening address to the Middle East and North Africa Energy Conference, held at Chatham House in London on January 25, which had as its theme 'Power, Security and Energy Markets'.

Giving an overview of 'Energy Markets, Political Developments and Security Challenges', El-Badri stated that given events in the international oil market over the past 18 months or so, when the price of crude had fallen dramatically, "there is clearly much to discuss."

To put it simply, he told assembled delegates, the market is currently going through a significant readjustment.

Since July 2014, he explained, crude prices have fallen by more than 70 per cent, many investments have been deferred and some cancelled, manpower has been laid off, supply has been greater than demand, stocks have risen above their five-year average, and the market has been searching for balance.

"The pain of this readjustment is being felt across the industry. These are tough times. But we should also remember that tough times are nothing new for the industry. It has been here before. The story of our industry is one of many cycles, both up and down," he affirmed.

"We have had periods when prices were low and periods when prices were high. We have seen times when supply outstripped demand and times when supply has struggled to keep up. There have been long periods of stability, as well as periods of instability."

Of course, said El-Badri, every situation is different and in the current cycle it is important to ask the questions: how did we get here and how might we get out?

He said it is well documented that the cycle on this occasion has been supply-driven, with most of the supply increases in recent years coming from high-cost production.

El-Badri pointed out that, until 2015, all of the supply growth since 2008 has come from non-OPEC countries. Between 2008 and 2014, overall non-OPEC growth was more than six million barrels/day, while OPEC actually saw a contraction.

In fact, in 2013 and 2014, OPEC supply fell by more than 1m b/d and non-OPEC grew by 3.7m b/d.

"To put this in some context, global demand growth over these two years was 2.3m b/d," he stated.

El-Badri noted that, in 2015, this dynamic changed as expansion was seen from both non-OPEC and OPEC. Non-OPEC grew by slightly over 1.2m b/d and OPEC at around 1m b/d.

"These numbers are important when we look at the growth in OECD commercial stocks. The five-year average was at its lowest level at the end of 2013. Since then, the five-year average has risen dramatically, from a negative level of 85m b to a surplus of more than 260m b at the end of 2015.There is no doubt this has strongly impacted crude prices," he affirmed.

Moreover, said El-Badri, for the same period there has also been a rise in non-OECD inventories, plus an expansion in some non-OECD strategic petroleum reserves.

"It is vital the market addresses the issue of the stock overhang. As you can see from previous cycles, once this overhang starts falling then prices start to rise.

"Given how this developed, it should be viewed as something OPEC and non-OPEC tackle together. Yes, OPEC provided some of the additional supply last year, but the majority of this has come from non-OPEC countries.

"It is crucial that all major producers sit down to come up with a solution to this. The market needs to see inventories come down to levels that allow prices to recover and investments to return. This is not only crucial for producers, but consumers too. The world desires more oil and this means more investment," he professed.

El-Badri outlined that OPEC sees oil demand increasing by around 17m b/d between now and 2040, reaching close to 110m b/d by then. And in terms of oil-related investment requirements, these are estimated to be around $10 trillion over this period.

"However, the current environment is putting this future at risk. At current price levels, it is clear that not all of the necessary future investment is viable," he pointed out.

The OPEC Secretary General maintained that new barrels are needed not only to increase production, but to accommodate for decline rates from existing fields.

"We need to remember that low oil prices are bad for producers today and lead to situations that are bad for consumers tomorrow. And high oil prices are bad for consumers today and lead to situations that are bad for producers tomorrow.

"Thus, as I have often said, extreme prices — either too high or too low — are not in the interests of either producers or consumers."

El-Badri told delegates that, of course, there are also many other ongoing and related challenges for oil markets, such as: the uncertain prospects for the global economy; excessive speculation and the role of financial markets; the impact of geopolitics; advances in technology and their impacts on exploration and production; and environmental concerns.

Touching briefly on the environmental challenge, following December's 'Paris Agreement' to reduce climate change, El-Badri stressed that OPEC welcomes the agreement.

"The challenges related to the environment and climate change are a concern for us all. We all live in the same world. In this regard, we need to be practical, realistic and equitable.

"Yes, we need to continue to develop renewables. But they cannot be seen as a replacement for fossil fuels in the coming decades. Combined, oil and gas are still expected to supply over 50 per cent of the global energy mix by 2040.

"Yes, we need to continue to use energy more efficiently. But we need to remember that some people still have no access to modern energy services.

"Yes, there are environmental concerns regarding fossil fuels. But there are ways that these can be met and overcome. We need to look at all the options available to us."

Concluding, the OPEC Secretary General said it is important to recall that the previous high oil-price cycle was the outcome of a lack of investment in more supply.

"And the low oil-price environment we find ourselves in today is the result of too much investment in high-cost production during that previous period.

"It underscores that the best way forward is for all industry stakeholders to continually work towards achieving more balance for our industry — not only in the short-term, but in the long-term as well. This will help us deliver a sustainable energy future; for all producers and for all consumers too.

"There is no doubt that the industry will come through this current cycle. Market forces, as well as cooperation among producers, will eventually lead to the return of stability.

"We already see some signs that supply and demand fundamentals will start to correct themselves in 2016," he said.

Latest OPEC figures show global oil demand growth this year rising by around 1.25m b/d, with non-OPEC oil supply anticipated to contract by around 700,000 b/d.

"But as I have already highlighted, we need to see the stock overhang reduced too. This is now central to the return of a balanced market," said El-Badri.

OPEC extends reach of its energy discourse

A successful first dialogue with India

Over the years, OPEC has undertaken dialogue with a number of major oil consumers, producers and organizations, such as the European Union, China, Russia, the International Energy Agency and the International Energy Forum. At the end of 2015, another major consumer, India, was added to this list. The* OPEC Bulletin *reports on the 1st High-Level Meeting of the OPEC-India Energy Dialogue that took place in New Delhi, India, on December 15, 2015.

Experiencing the sights of both New and Old Delhi provides a snapshot of both the progress and capacity of India. It is a place where the past coexists with the present. A bustling modern metropolis, with tree-lined avenues, new buildings and fresh infrastructure, sit next to monuments and buildings that shed light on ancient traditions and dynasties.

It is an effervescent hub, where both new and old ways of doing business thrive, through the ingenuity and hard work of the people.

This vibrancy — and the vast potential — is a reflection of India as a whole.

The country has a population of over 1.25 billion, which according to a United Nations 2014 report contains the world's largest youth population (10–24 year-olds) of over 350 million. It is expected to surpass China as the country with the largest population by around the middle of the next decade.

And in OPEC's *World Oil Outlook 2015,* it is estimated that India's economy will grow at an average annual rate of 6.6 per cent for the period 2014–40.

The country is already well along the path to becoming a major global economic player and evidently has the capabilities to expand its position further.

Relationship with OPEC Member Countries

India's development and the strong and important relationships between India and OPEC Member Countries was emphasized in the meeting's opening remarks delivered by Dharmendra Pradhan, the country's Minister of Petroleum and Natural Gas, and Abdalla Salem El-Badri, OPEC Secretary General.

Pradhan welcomed the OPEC delegation and highlighted the importance of OPEC to India. He stated that around 85 per cent of its crude and nearly 90 per cent of its gas requirements are coming from OPEC's Member Countries.

He then underlined that OPEC's role as an energy supplier to India is expected to grow in the future, given the country's increasing economic activity and improving living standards that will lead to higher energy consumption.

El-Badri, on a similar positive note, thanked the hosts and underscored the ever-expanding relationship between India and OPEC's Member Countries.

He highlighted that between 2000 and 2014, trade between India and OPEC had grown substantially. "For example, India's overall imports from OPEC increased from a value of just over $4bn to

almost $155bn. And in the other direction, OPEC's total imports from India increased from just under $4bn to close to $70bn."

In terms of crude oil, he added, "India's total imports have risen from around 1.5 million barrels/day in 2000 to close to 3.8m b/d in 2014. And around 3m b/d of this comes from OPEC Member Countries."

And looking ahead, demand growth will increasingly shift to India. "By 2040, India's demand is anticipated to increase by almost 150 per cent, from under 4m b/d presently to 9.6m b/d by then. Its total share of global oil demand will rise from four per cent today, to nine per cent by 2040."

Presentations

The opening remarks from Pradhan and El-Badri set the scene for subsequent presentations from others present at the meeting. In total, there were around 30 attendees, including Indian ministry officials, senior Indian oil executives and representatives from the OPEC Secretariat.

India's initial presentations provided an overview of the country's energy sector. It was stated that coal continues to be the country's major energy source, followed by oil, with India now the fourth-largest oil consumer in the world.

Gas, on the other hand, represents only 7.1 per cent of the energy basket although there are plans to expand this figure.

On the refinery side, it was highlighted that refinery capacity has continued to rise, generally in line with rising demand. The country's refinery sector is currently the second-largest in Asia.

Looking ahead, with respect to India's long-term energy projections, it was stated that energy demand is expected to increase at an average rate of 7.4 per cent per annum for the period up to 2047.

In terms of domestic oil production, it was mentioned that India's 26 sedimentary basins have not been exploited to optimum levels. Therefore, the government plans to encourage their exploration.

Furthermore, a new uniform licensing policy is being put together to allow for the development of unconventional oil and gas in blocks that can be harnessed along with conventional resources.

An overview of India's overseas exploration activities was also presented. India's oil companies are present in 23 countries. It was stated that overseas acquisitions are an integral part of the Indian Energy Security Strategy, with the objective to progressively expand the global footprint of Indian companies and to diversify the country's energy sources.

In addition, there was also a specific focus on the importance of energy conservation in the country. Energy audits of industries, including small-scale industries, have been implemented. Presently, 478 industrial units have been given targets for reducing energy consumption.

From the OPEC side, Dr Hojatollah Ghanimi Fard, Head of the OPEC Secretariat's Petroleum Studies Department, presented the recent market developments and near-term prospects.

It was mentioned that the global economy is expected to grow faster in 2016, compared to 2015, with India leading the way at 7.6 per cent.

World oil demand growth in 2015 is estimated to have been higher than that seen in 2014, encouraged by lower crude oil prices, although it is expected to fall back slightly in 2016. Non-OPEC supply growth in 2015 is estimated to have been lower than that for 2014, with a contraction now projected for 2016 as the impact of lower crude prices becomes more evident.

It was also stated that imbalanced fundamentals, record high crude oil inventories and a strong United States dollar contributed to the 2015 decline in crude oil prices.

Oswaldo Tapia, Head of the Secretariat's Energy Studies Department, then presented OPEC's medium- and long-term oil outlook.

It was mentioned that in the years ahead, global primary energy demand is set to grow by 47 per cent, reaching 399m b/d of oil equivalent by 2040. Much of this growth will continue to be concentrated in the developing world. It was also highlighted that fossil fuels will continue to dominate the mix with a 78 per cent share by 2040.

In terms of long-term oil demand, the OPEC Reference Case sees demand increasing by more than 18m b/d between 2014 and 2040, reaching 109.8m b/d at the end of the forecast period.

The road transportation sector, together with the petrochemicals and aviation sectors, will contribute the most to the additional demand.

For supply, it was stressed that total non-OPEC liquids supply increases from 56.5m b/d to 60.2m b/d over the period 2014–20, but then declines to 59.7m b/d by 2040.

The share of OPEC crude in total world liquids supply is projected to increase to 37 per cent by 2040, compared to current levels of around 33 per cent.

Dialogue of mutual interest

In concluding, both parties expressed their satisfaction with the first meeting of the dialogue and stressed that this kind of interaction could create more confidence between OPEC, its Member Countries and India.

Pradhan stressed that the dialogue will help India and OPEC to better understand each other's interests and concerns, so as to develop a better working relationship.

And El-Badri said he hoped this first step would lead to "constructive and positive cooperation … and allows us to turn ideas into concrete actions that benefit us all."

Iranians celebrate 'implementation day' as sanctions are lifted

Nuclear agreement a "great victory" — President Rouhani

Two teams to the talks — led by Iranian Foreign Minister, Mohammad Javad Zarif (r), and United States Secretary of State, John Kerry (l).

The President of the Islamic Republic of Iran, Hassan Rouhani, has referred to his country's nuclear deal with the West and the subsequent lifting of economic and trade sanctions as a "historic day" and a "great victory" for the OPEC Member Country.

"As of today, our banks can now interact with the banks of the world for financial and monetary purposes," he was quoted as saying on January 16, described as 'implementation day' and marking when Iran began to receive relief from the sanctions, which had been in force for some 12 years.

At a national televised address and press conference, Rouhani explained that tens of billions of dollars' worth of Iranian assets will now be unfrozen and global companies that have been prevented from doing business in the country will now be able to exploit an attractive market offering everything from petroleum to cars and aircraft parts.

"We should use this atmosphere and these conditions for the sake of growth and development of our country and for the sake of the welfare of the people, for the progress of our country and also for the progress, stability and security of the region," he affirmed.

A report carried by the *Al Jazeera* news service stated that Iran's economic isolation ended when world powers lifted the sanctions, in return for Tehran complying with a deal to curb its nuclear programme.

Also addressing parliament, Rouhani hailed the agreement as a "golden page" in Iran's history, saying he looked forward to an economic future less dependent on oil as the country emerges from years of sanctions.

Presenting the draft budget for the next Iranian fiscal year, which begins in March, he said the agreement is a "turning point" for the economy of Iran, a major oil producer that has been virtually shut out of international markets for the past five years.

Golden page in history

"The nuclear talks, accomplished and resulted with the guidance of the Supreme Leader of the revolution, the support of the nation, and companionship of all pillars of the state, are truly one of the golden pages of the history of this country," Rouhani stated.

For over a decade, Iran's economy has been effectively constrained under a broad range of international sanctions introduced by the United Nations, the European Union and the United States. They were introduced in dispute over Iran's nuclear development which the country has always maintained has been purely for peaceful purposes.

As a result of the agreement, finalized in Vienna, Austria, after the International Atomic Energy Agency (IAEA) confirmed that it was satisfied Iran had complied with the nuclear terms set out by the West, the UN sanctions have been removed, as has the EU embargo on oil imports.

In addition, some of the toughest US sanctions, such as the law that penalizes international banks for doing business with Iran, have also been lifted. It means key sectors of the Iranian economy will once more be able to resume significant international business — oil and gas, banking, insurance and automobiles.

United States Secretary of State, John Kerry, speaking in Vienna, said the parties involved in the negotiations had reached a critical and auspicious milestone on the nuclear issue.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Hassan Rouhani, President of the Islamic Republic of Iran.

Rouhani hailed the agreement as a "golden page" in Iran's history, saying ... the agreement is a "turning point" for the country's economy.

"In the words of the agreement itself, today — January 16, 2016 — we have reached implementation day. Today marks the moment that the Iran nuclear agreement transitions from an ambitious set of promises on paper to measurable action in progress," he declared.

Kerry pointed out that more than four years after he first traveled to Oman at the request of US President Obama to discreetly explore whether the kind of nuclear talks that the parties ultimately entered into with Iran were even possible, after more than two-and-a-half years of intense multilateral negotiations, the IAEA had now verified that Iran had honoured its commitments to alter — and in fact, dismantle — much of its nuclear programme in compliance with the tentative agreement that was reached in July last year.

He observed that Iran had undertaken significant steps with its nuclear programme and as a result both the US and EU would immediately lift nuclear-related sanctions, expanding the horizon of opportunity for the Iranian people.

Constructive approach

Kerry said he wanted to express his deep respect for the serious and constructive approach that Iran's delegation brought to the effort.

"Iran's Foreign Minister, Mohammad Javad Zarif, and his team from day one demonstrated their deep commitment and seriousness of purpose. And Dr Ali Salehi (Head of the Atomic Energy Organization of Iran) has worked diligently with Ernest Moniz (US Energy Secretary) to find creative solutions to difficult technical challenges. And we have been able to approach every step of this process with professionalism and mutual respect," he added.

Iranian Foreign Minister, Mohammad Javad Zarif (l), seen with the IAEA Director General, Yukiya Amano.

Ahead of the deal, IAEA Director General, Yukiya Amano, issued a report confirming that Iran had completed the necessary preparatory steps to start the implementation of the so-called Joint Comprehensive Plan of Action. The report was submitted to the IAEA Board of Governors and the UN Security Council.

"Relations between Iran and the IAEA now enter a new phase.

"It is an important day for the international community. I congratulate all those who helped make it a reality, especially the group of countries known as the E3/EU+3, Iran and the IAEA Board," he said.

"We have come a long way since the IAEA first started considering the Iran nuclear issue in 2003. A lot of work has gone into getting us here and implementation of this agreement will require a similar effort. For our part, we are ready to get on with the job," he added.

EU Foreign Policy head, Federica Mogherini, confirmed that as a result of the deal, "multilateral and national economic and financial sanctions related to Iran's nuclear programme are lifted.

"All sides remain firmly convinced that this historic deal is both strong and fair and that it meets the requirements of all," he said in a joint statement with the Iranian Foreign Minister.

"This achievement clearly demonstrates that with political will, perseverance and through multilateral diplomacy, we can solve the most difficult issues and find practical solutions that are effectively implemented," the two officials agreed.

Zarif referred to the lifting of nuclear-related sanctions on his country as "a good day for the world."

He stated in Vienna: "It is a good day for the people of Iran … and also a good day for the region."

Zarif, who led Iran in the nuclear talks with the so-called P5+1 countries — the UN Security Council's five permanent members, the US, the UK, China, France, and Russia, in addition to Germany — said the deal had removed from the Middle East "the shadow of a baseless confrontation."

He added: "It proved that we can solve important problems through diplomacy, not threats and pressure, and thus today is definitely an important day."

Reza Marashi, of the National Iranian American Council, who followed the nuclear talks closely, maintained that 'implementation day' was a demonstration of how persistent, high-level engagement is a critical ingredient for successful policies between Iran and the international community.

He added that direct diplomacy between Kerry and Zarif "was the linchpin of this peaceful outcome."

The removal of the sanctions comes at an important time for Iran. The International Monetary Fund (IMF) recently forecast that the country's economy would continue to suffer until the sanctions were lifted.

"Prospects for 2016-17 are now brighter owing to the prospective lifting of economic sanctions," said the Fund. "Higher oil production, lower costs for trade and financial transactions and restored access to foreign assets, are expected to lift real GDP to about four per cent to 5.5 per cent next year," it said.

Iran has given notice that it will seek to regain its lost share of global crude petroleum trade. But Petroleum Minister, Eng Bijan Namdar Zangeneh, has pointed out that the country has no intention of harming the oil market with its planned increase in production.

"The Petroleum Ministry intends to boost Iran's crude oil exports by an aggregate of one million barrels/day in two phases," he announced, according to the official *Islamic Republic News Agency*.

He explained that in the first phase, oil exports would be hiked by 500,000 b/d with the country adding another 500,000 b/d in a second phase within six months after the sanctions are lifted.

Investment to increase

Iran now expects to attract many billions of dollars in new investment in oil and gas fields after offering new and more attractive contracts, Zangeneh noted.

The *Shana* news website quoted the Minister as saying that Iran will need to secure international funding to help it meet its investment requirements of around $200bn — $130bn for its upstream activities and the remainder for downstream expansion.

According to data submitted directly by Iran to the OPEC Secretariat in Vienna, the country produced 3.35m b/d of crude oil in December 2015.

Iran, which is the world's 17th largest country in terms of territory, has a population of over 77.3 billion. It possesses the world's third-largest crude oil reserves and the second-largest global gas deposits.

Iran's economy offers considerable economic opportunities for Western companies, who previously were unable to secure contracts with the founding OPEC Member. Apart from petroleum, the country's other natural resources include natural gas, coal, chromium, copper, iron ore, lead, manganese, zinc and sulphur.

Indonesia moves to make foreign investment more attractive

Indonesia is set to embark on an unprecedented overseas trade progamme to attract more foreign investment by easing restrictions in some 50 sectors of the economy.

The plans were unveiled in February by the OPEC Member Country's President, Joko Widodo, who announced that investment rules would be made easier in industries such as e-commerce, healthcare and the retail sector.

Joko Widodo, President of Indonesia.

According to a report by *Reuters*, declining commodity prices, together with lower economic growth in its major trading partner, China, had led to Indonesia, Southeast Asia's largest economy, seeing its growth falling to its slowest level in six years

"We are seriously considering deregulation across the board, but focusing on e-commerce, healthcare, and creative industry," the Indonesian President was quoted as saying ahead of a cabinet discussion of the proposals.

"There are 49 sub-sectors (affected) so in my opinion this is the big bang," he stated.

Competition important

Widodo pointed out that, so far, he has not faced any resistance to the measures he is proposing towards liberalization.

"For me competition is very important. If we have already launched our deregulation, the bureaucracy and the system must follow the new rules," he explained.

Widodo pointed out that there are two spearheads to his growth strategy — deregulation to create competition efficiency and better services; and the development of infrastructure.

Widodo told *Reuters* in the interview that with the announcement of the new measures he was optimistic economic growth would rise to 5.3 per cent in 2016, following its decline to 4.8 per cent last year.

He said he would like to see lower interest rates, but added that he could not force the hand of the central bank.

"I would like to see a lower interest rate but I cannot force Bank Indonesia to cut the interest rate because they are independent and the government respects the way it conducts monetary policy," he affirmed.

Widodo, the former Governor of the Indonesian capital, Jakarta, was elected President in 2014. Together with his Minister of Energy and Mineral Resources, Sudirman Said, he engineered his country rejoining OPEC this year after it suspended its Membership in December 2008.

In a separate interview with Reuters, Indonesian Trade Minister, Tom Lembong, said the greater openness to foreign investment would partly prepare the country for free trade agreements, including eventually the Trans-Pacific Partnership (TPP).

He said there would be some degree of deregulation in each of the 16 main sectors included on a so-called 'negative list', which included agriculture, forestry, energy, communication and transport.

In some cases, he added, this would raise the limit on foreign stakes in companies from a minority to a majority, helping Indonesia comply with limits on "equity caps" stipulated under the TPP and other trade pacts.

The enhancement of healthcare would open up investment in hospitals, clinics and laboratory services.

The *Reuters* report noted that although foreign direct investment in Indonesia has risen in recent years, it remains among the lowest in Southeast Asia in relation to total investment and gross domestic product.

As a result, foreign investors have for years sought greater access to opportunities in Indonesia's vast domestic market, valued at some $840 billion at market exchange rates.

NNPC looking to boost output to ease deficit

In the current climate of low crude oil prices, the state-owned Nigerian National Petroleum Corporation (NNPC) is intent on boosting its oil and gas production as a means of easing the pressure on its growing financial deficit.

In its January energy brief report, it stated that with oil prices on a "declining stride", the company will maximize its production numbers and aim for higher volumes to achieve "greater returns on investment."

According to the *Platts* news service, the Nigerian Petroleum Development Company (NPDC), the oil and gas exploration subsidiary of the national oil company, announced that its oil output in December last year rose by some 23 per cent over November.

A view of the Nigeria Liquefied Natural Gas Company (NLNG) terminal near Finima village, in Bonny.

Production increase

Admittedly, it only accounts for a small part of Nigeria's total oil production, which normally amounts to around 2m b/d, but the increase is an indication of the NNPC's intentions of boosting output.

The production increase is borne out by figures communicated directly by Nigeria to the OPEC Secretariat in Vienna, Austria, which revealed that total crude oil production in January stood at 1.95m b/d. This was 252,000 b/d higher than in December.

Nigeria, like other oil-producing countries, is facing challenging times following the decline in international crude oil prices.

The country relies heavily on oil exports for its national income. In the current environment, it is looking for ways and means of supporting an oil industry that has been hit hard by the drop in crude oil prices.

The low prices coupled with reduced exports have left the OPEC Member Country in difficulty over paying its so-called 'cash call' payments to its joint-venture oil partners.

Meanwhile, the Nigerian government has called on its foreign oil partners to rethink plans for major employment layoffs as a result of the falling oil prices and revenues.

The plea comes after oil labour unions in the country have threatened strike action if job losses are announced. Global oil companies have been forced to reduce their workers as development plans have been put on hold or scrapped altogether. Many thousands of oil personnel have already lost their jobs.

Nigeria's joint-venture upstream operators comprise Royal Dutch Shell, ExxonMobil, Chevron, Total and Eni, which are partners in around 90 per cent of the country's total production of crude and condensate.

The Nigerian Labour Ministry announced that Minister of Labour and Employment, Chris Ngige, had met with the firms to ask them to shelve any plans for staff rationalization right now.

The move came after Shell, Nigeria's largest joint-venture operator, said it planned to cut some 10,000 staff and contractor positions across its global operations. There was no indication how many of these losses would come from the firm's Nigerian activities.

A Labour Ministry spokesman was quoted as saying: "It is the government's position that any job cuts particularly in the strategic oil sector will compound the social security problem the country is currently going through."

Shell's Chief Executive Officer, Ben van Beurden, admitted in a recent webcast that the prevailing low oil prices were already affecting the company's development plans in Nigeria.

But he stated that the company would maintain its strategy in Nigeria, which was to reduce its exposure to the most difficult parts of the petroleum sector.

Qatar signs multi-billion dollar LNG supply deal with Pakistan

Qatar has signed a long-awaited deal with Pakistan to supply the country with liquefied natural gas (LNG) and help satisfy its growing domestic requirements for energy.

The sales and purchase agreement, worth $16 billion, was signed in the Qatari capital, Doha, by the Chairman of the Qatargas Board of Directors, Saad Sherida Al-Kaabi, with Pakistan's Petroleum Minister, Shahid Khaqan Abbasi, and in the presence of the Emir of Qatar, Sheikh Tamim bin Hamad bin Khalifa Al Thani and Pakistan's Prime Minister, Nawaz Sharif.

Important milestone

The supply deal, which will stretch over 15 years, was signed between the Qatargas-2 operation, the world's biggest LNG producer, and the Pakistan State Oil Company.

Al-Kaabi described the deal as "a very important milestone in Qatar's standing as a reliable energy supplier as it marks the first direct long-term agreement between the two companies."

Terming the deal a "game changer" for Pakistan, Abbasi told the media the move would see Pakistan import some 3.75 million tonnes of LNG, which would help meet 20 per cent of his country's domestic energy needs.

"This agreement has been hailed around the world as the most cost-effective deal for LNG globally under which Pakistan will keep importing fuel from Qatar till 2032," said Abbasi, who was accompanying Prime Minister Sharif on his two-day tour of Qatar, primarily for the LNG deal signing ceremony.

The minister was quoted by the *Express Tribune* of Pakistan as saying that the deal would save his country around $1bn annually, while a further $600m could be saved in diesel costs for power generation.

A Pakistani government official was quoted as saying that the deal, Pakistan's largest, would help the country add around 2,000 megawatts of gas-fired power-generating capacity and improve production from fertilizer plants.

"This is a huge and significant achievement because this diversifies Pakistan's energy mix," the official said. "This is the single largest commercial transaction that Pakistan has entered into."

Supplies are scheduled to start in March, Qatar's state news agency (QNA) said. They will eventually come to around five LNG cargoes per month.

According to the terms of the accord, the cost of gas for the month of March was estimated to be $4.78 per million British thermal units, lower than Qatar's current rate of $5.35m Btu.

Qatargas 2, which began operations in 2009, is a joint venture between Qatar Petroleum, ExxonMobil and Total.

Pakistan's first floating import terminal has import capacity for around 4.4 million tonnes of LNG per year. The country has also tendered for a second terminal, which should be operational by mid-2017.

In 2016, Qatargas, the world's biggest LNG exporter, will supply 2.25m t of gas, which will increase to 3.75m t a year from the second quarter of 2017.

Under a 'take-or-pay' arrangement, Pakistan is able to reduce or raise its Qatari LNG supplies by three cargoes per contract year.

Other agreements

Apart from the LNG deal, three other agreements were signed between Qatar and Pakistan, including cooperation in the fields of radio and television, health and academic research activities.

In talks with the Qatari Emir, Sharif stressed that Pakistan was an ideal destination for investors and called upon the Qatar Investment Authority to explore opportunities in his country's oil, gas and power sectors.

He added that Qatar could benefit by utilizing the services of the large manpower Pakistan possesses.

Reuters

The Navigation Tower, headquarters of Qatargas, in Doha.

UAE preferred destination for retail players — study

The United Arab Emirates (UAE) is already established as a leading global oil producer, but it is also adding another string to its impressive bow — as a retail trader.

According to a new report, the OPEC Member Country is today one of the preferred destinations for global retail players in the Middle East.

Backed by its high number of expatriate workers and strong consumer base, the country's retail industry is witnessing strong growth.

"In the Middle East, retail has been one of the fastest growing sectors, ranked as the eighth most attractive market globally for retailers," observed the study by *ReportLinker,* an award-winning market research provider.

It noted that with the expected population and tourism growth, the retail market in the region has skyrocketed, with the United Arab Emirate of Dubai "opening its arms as one of the top retail hubs in the world."

The report stressed that the UAE's leapfrogging into the top tier of the global rankings of the prime retail destinations is just reward for all the effort put in by the country's mall developers.

"Further, by our recent analysis in the latest research report, 'UAE Retail Industry Forecast to 2020', the UAE retail industry has been witnessing strong growth in sales for the past few years and is expected to grow in the coming years as well. Surging public and private sector consumption, along with the contribution of strong industry verticals (tourism, trade, banking, etc) are expected to help the retail industry to grow at a compound annual growth rate (CAGR) of more than seven per cent during 2016–20," the report forecast.

ReportLinker said it had studied the UAE retail industry in terms of both market size and by segment, namely the food and non-food sectors, along with its market forecast up to 2020.

In the non-retail sector, the colour cosmetic products market has shown an impressive performance and is expected to grow at a CAGR of around 11 per cent during 2016–20.

"Additionally, our report also covers information about hair care and the fragrance market in the UAE, along with an in-depth analysis on the footwear and apparel market," noted the market research firm.

Reuters

Additionally, the report consists of the economic indicators along with the identified trends prevailing in the UAE retail industry. It also discusses the new vistas in the retail market including direct sales, the advertising market, the safety and security markets and plastic card usage.

Extensive research

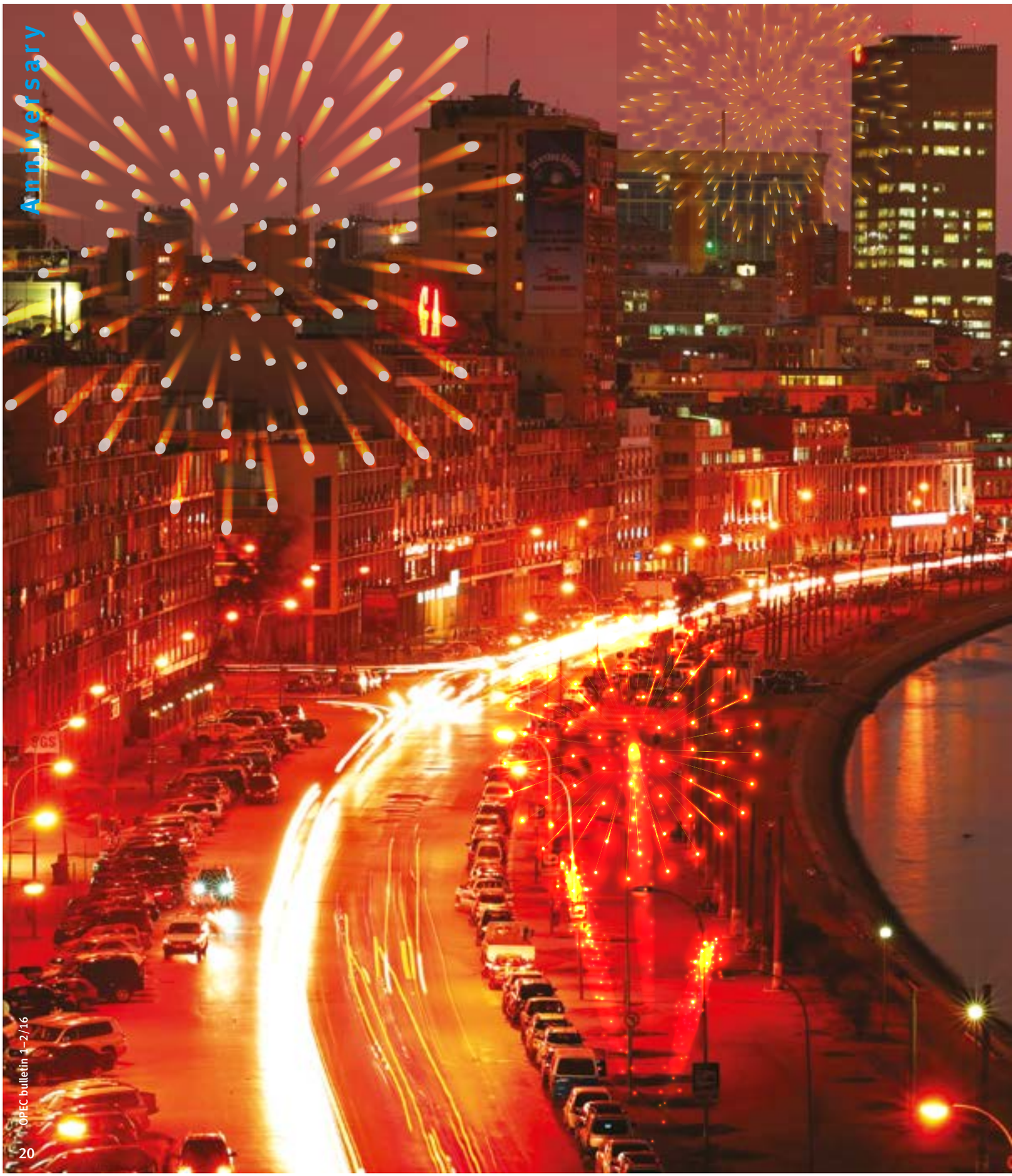
"Further, our report is an outcome of an extensive research and thorough analysis of the retail industry in the UAE. It facilitates statistics and analysis of all prominent market segments to provide deep and informative understanding of the market."

The study highlights the key players in the industry, along with their business description and recent developments. Overall, the report presents a complete analysis of the UAE retail industry, which will help clients in having a closer look at the country's industry.

The UAE is one of the most diversified economies in the Middle East region, which has been a big plus in terms of being less impacted by the drop in crude oil prices.

Businesses in the country are still pursuing their expansion plans and continue to remain resilient to the global petroleum downturn.

The country is fast diversifying from the oil and gas sector, with the non-oil economy investing in innovative projects. And analysts point out that the continued stimulus from big time capital projects, such as Expo 2020, will only help business to expand further in the coming years.



Angola celebrates 40 years of independence

On November 11, 2015, Angola celebrated its 40th birthday as an independent country. Under the theme 'Angola 40 Years: Independence, Peace, National Unity and Development', a series of festivities and events were held throughout the country to mark the historic occasion. The* OPEC Bulletin's *Scott Laury reports.

gettyimages

Reuters

José Eduardo dos Santos, President of Angola.

Cidadela National Stadium in the capital city of Luanda.

Angola's President, José Eduardo dos Santos, kicked off the celebrations in the capital city of Luanda at midnight with an address to the nation in which he praised the courage and sacrifices made by the Angolan people, who, he said, were the driving force behind the country's quest to achieve independence from Portugal.

He stressed that this long sought-after freedom did not come easy and was attained only through a long and arduous struggle, through sweat and tears.

"In fact, it was not easy, we did not get the independence on a silver plate," he proclaimed. "It is our heroes who inspired with their example — all Angolan patriots who continued with the battle to the end."

A long road to freedom

The significance of the midnight timing of the address relates back to the original announcement of independence made by the then Angolan President, António Agostinho Neto, at midnight 40 years prior.

In his proclamation of independence, he commended his countrymen and women for their bravery and resilience in the face of the pain and suffering they endured during the struggle for independence.

"On behalf of the Angolan People, the Central Committee of the Angola People's Liberation Movement (MPLA) solemnly proclaims, before Africa and the world, the independence of Angola," he proudly announced. "The flag that floats today is the symbol of freedom, resulting from the blood, pain, tears and devoted love of the Angolan people."

Indeed, that fateful day in 1975 had been a long time in the making as Angola had lived for nearly four centuries under colonial rule. After the announcement was made, a wave of euphoria and joy swept through the country as citizens far and wide hit the streets to celebrate their new found national identity.

Now, 40 years later, Angola continues to have much to celebrate — not only to commemorate its independence, but also to take stock of its ongoing progress in development and its influential role as one of Africa's leading energy providers.

This day, though, it was about remembering and celebrating that fateful day when Angola took hold of its destiny once again.

A full day of festivities

Early in the day, the Monument Flag was hoisted in Luanda as part of a commemorative ceremony held at the National Museum of Military History.


Reuters


Shutterstock

The Angolan flag — "symbol of freedom".

The high-level event was presided over by Manuel Domingos Vicente, Vice President of the Republic. The day proceeded with a wreath-laying ceremony by the sarcophagus of former President, António Agostinho Neto, which took place at Republic Square.

Military and civilian parades made their way through several blocks of the central city, after which a Presidential awards ceremony was held to recognize the outstanding achievements made by Angolans during the four decades of independence.

The President then hosted visiting heads of state and government for an official luncheon.

The day's events were capped off with a lively music concert, which was held at the Cidadela National Stadium.

Sonangol events

Angola's national oil company, Sonangol, also played a big part in supporting commemorative events to mark the occasion.

For nearly a month starting in August 2015, a musical roadshow toured the country featuring a wide variety of renowned Angolan and international performers. The show was a great success, attracting more than 30,000 spectators along the way.

Luanda was the focal point for a month-long series of theatrical productions themed on the 40th anniversary.

The Cena Livre theatre company presented 28 plays at four venues. A special gala was organized to inaugurate the series. The evening featured the work of the Sambizanga Theatre Association, which presented their play entitled 'Presidential Speeches', a synthesis of 20 speeches made by President José Eduardo dos Santos.

The series concluded with an homage to Angola's first President, António Agostinho Neto, featuring the Catarcis Teatro Group with 30 talented children performers aged seven to 14.

On the sporting front, an international football tournament was organized with matches between Angola and its neighbouring countries of the Democratic Republic of the Congo (DRC), Namibia and Zambia. The home-field advantage paid off for Angola, which was victorious in the end, beating DRC 1–0 in the final match.

For just over ten days in October, the first-ever 'Tour of Angola' road cycling competition took riders through the cities and countryside of Angola's diverse landscape.

Riders from six countries — Cape Verde, DRC, France, Mozambique, Portugal and Sao Tomé and Príncipe — covered a vast 1,177 kilometres, meandering through nine Angolan provinces.

In the end, a local hero pulled out the victory. A previous winner of the national cycling championship, 29-year-old Igor Silva, Angolan born and bred and a member of Luanda's Benfica Club, glided to victory in just over 70 hours.

Left: Woman selling her goods at a local market.

Right: New housing built as part of Angola's recent oil-driven economic growth.

Silva is the son of famous Angolan cyclist, Alberto da Silva. The race attracted an avid fan base that lined the roads to cheer on the athletes, at times even under rainfall. The top three finishers were awarded monetary gifts for their achievements. The race was met with such success that plans are in place to organize it again next year.

40 years of progress

When countries celebrate anniversaries of independence, it is surely a time of celebration, but it is also an opportunity to look back and reflect on how the country has evolved since that transformational day of liberation.

Over the span of its 40 years of independence, Angola has seen the most robust economic growth in the last decade or so. This has enabled it to make further progress in achieving its national development goals.

According to the Organization for Economic Cooperation and Development (OECD), the country recorded an 11 per cent annual average gross domestic product (GDP) growth rate from 2003 until 2011.

This stellar economic performance has been fuelled partially by a strong oil market, which routinely saw prices reach $100/barrel. This has provided revenue for further investment in the country's infrastructure.

Angola is Africa's second-largest oil producer with average output of around 1.8 million barrels/day of oil, a significant increase from the turn of the decade when its average production was 736,000 b/d in 2000.

Oil production and its supporting industries account for roughly 45 per cent of the country's GDP and more than 95 per cent of exports.

Looking ahead, Angola is seeking to further develop its energy assets while, at the same time, diversifying its economy and developing local talent.

Economic diversification

Areas of economic diversification include manufacturing through the construction of special economic zones (ZEEs); further promotion of diamonds, the country's second-largest export; the establishment of a refined products industry with the $8 billion Lobito refinery project and the smaller Soyo refinery; the renaissance of the once booming agricultural sector with projects to produce coffee, sugar, bananas, tomatoes and even rice and wine; the rebuilding of the once vast minerals industry with the production of iron-ore and manganese; and finally, development of the tourism and hospitality industry with options for eco-tourism that would feature the country's revamped national parks.

As it moves forward with these ambitious projects, there will surely be challenges along the way. However, if the country's past resilience and perseverance in overcoming adversity is any indication, Angola will surely win in the end.

President and poet

During the struggle to achieve Angola's independence, António Agostinho Neto wrote several poems in support of the movement to become an autonomous nation.

In the work that follows, written in 1960 and entitled *'We shall return'*, he writes with great passion and longing about a heroic reclaiming of his homeland with its abundant resources, amazing natural wonders and rich cultural traditions.

After being published, the poem became a sort of inspirational anthem for Angolans seeking independence.

Neto was later elected to become Angola's first President in 1975.

Though he passed away in 1979, his legacy remains very much alive as a national hero. His birthday is celebrated across Angola as National Heroes Day, a public holiday, and the public university in the capital city of Luanda is also named in his honour.

António Agostinho Neto.

We shall return

To the houses, to our crops,
to the beaches, to our fields
we shall return

To our lands
Red with coffee
White with cotton
Green with maize fields
we shall return

To our mines of diamonds
Gold, copper, oil
we shall return

To our rivers, our lakes
our mountains, our forests
we will return

To the shade of the mulemba
To our traditions
To the rhythms and bonfires
we shall return

To the marimba and the quissange
to our carnival
we shall return

To our beautiful Angolan homeland
our land, our mother
we shall return

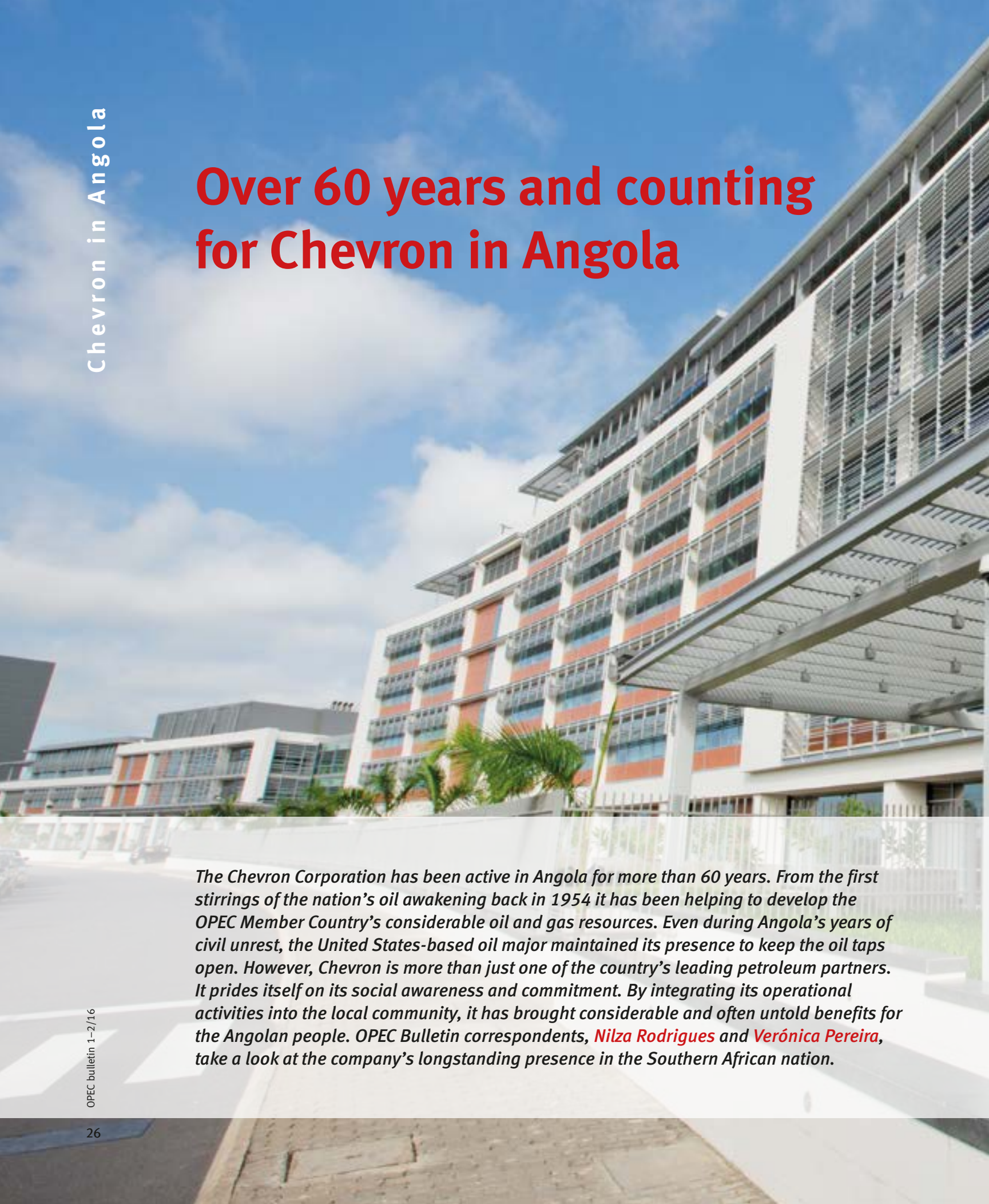
We shall return
to liberated Angola
independent Angola.

Chinua Achebe.

Acclaimed Nigerian novelist, poet and professor, Chinua Achebe, renowned worldwide for his novel entitled *'When things fall apart'*, wrote a poem in Neto's honour, naming it simply Agostinho Neto. In the last stanza, he lauds his fellow African's dedication to his continent, his country and his people.

Neto, I sing your passing, I,
Timid requisitioner of your vast
Armory's most congenial supply.
What shall I sing? A dirge answering
The gloom? No, I will sing tearful songs
Of joy; I will celebrate
The man who rode a trinity
Of awesome fates to the cause
Of our trampled race!
Thou Healer, Soldier and Poet!

Over 60 years and counting for Chevron in Angola



The Chevron Corporation has been active in Angola for more than 60 years. From the first stirrings of the nation's oil awakening back in 1954 it has been helping to develop the OPEC Member Country's considerable oil and gas resources. Even during Angola's years of civil unrest, the United States-based oil major maintained its presence to keep the oil taps open. However, Chevron is more than just one of the country's leading petroleum partners. It prides itself on its social awareness and commitment. By integrating its operational activities into the local community, it has brought considerable and often untold benefits for the Angolan people. OPEC Bulletin correspondents, Nilza Rodrigues and Verónica Pereira, take a look at the company's longstanding presence in the Southern African nation.

Chevron office in Chicala, Luanda, Angola. Chevron has grown its business in Angola for six decades. The company successfully produces energy in addition to providing education, training, health care, and business and economic development for Angolans.

When Chevron first started operations in Angola in 1954, the country was still a Portuguese colony. Difficult times were to follow. Seven years later, in 1961, in the country's quest to control its own destiny, an armed struggle between the National Liberation independence movements and the Portuguese state broke out. These troubles were to last until 1974, when a ceasefire resulted in the country gaining its independence in 1975. Unfortunately, the celebrations turned out to be a bitter-sweet landmark in the country's history, with that same year marking the beginning of 27 years of civil war.

Against this turbulent background, Chevron was busy looking to develop Angola's promising petroleum wealth. It was in 1968 that the American oil major began its first production in the country — amounting to 3,000 barrels/day of crude oil.

"We began in 1954 with some geophysical work, which led to the start of onshore production in the Angolan province of Cabinda. Some years later, it became obvious that we would have to change our strategy and move to offshore production," said John Baltz, Managing Director of the Cabinda Gulf Oil Company (CABGOC), Chevron's subsidiary in the country.

Explaining to the *OPEC Bulletin* how the firm was able to produce oil and develop its operations for six decades in a country that was constantly at war, he stated: "When I talk to people about it now, I realize just how challenging those times were, not only for the country, but also for our operations."

John Baltz, Managing Director of the Cabinda Gulf Oil Company (CABGOC), speaking during celebrations of Chevron's 60 years in Angola.

He stressed that in this challenging environment Chevron's strategy was to make its operations as self-sustainable as possible.

"At our field in Malongo, in the province of Cabinda, we had the capacity to render the necessary services — to go out and explore, to drill and to produce oil and gas. But we were also able to set up premises for our staff, hired personnel and companies supporting our operations. This enabled us to work continuously, even during the most difficult times," he observed.

Safety, said Baltz, was an accrued concern and that

was why the Malongo field was fenced off. “We were able to protect the residents in the field and to continue our operations without incident,” he said.

Today, CABGOC ranks among Angola’s top petroleum producers and is the country’s largest foreign oil-industry employer.

“The successful story of Chevron in Angola is the result of a collaborative partnership with the Angolan government, the national oil company, Sonangol, and our business partners,” said Ali Moshiri, President, Chevron Africa and Latin America Exploration and Production Company.

“That also includes our employees, whose hard work, ingenuity and commitment to operate with excellence are the foundation of our success. We hope to continue delivering the energy that helps generate progress and prosperity for Angola for many years to come,” he told the Bulletin.

Chevron is investing billions of dollars in major domestic energy projects intended to increase Angola’s crude oil production capacity and develop the commercial use of its natural gas resources.

In 2014, Chevron Angolan operations’ net daily production averaged 114,000 barrels of liquids and 78 million cubic feet of natural gas.

The company operates Block 0, a concession adjacent to the Cabinda coastline. It also holds an interest and is operator in a production-sharing contract (PSC) for deepwater Block 14, located west of Block 0. In addition, it has a non-operated working interest in the onshore Fina Sonangol Texaco (FST) concession area. Chevron’s interest in Block 2 expired in July 2014.

The firm also has an important interest and is operator in the onshore liquefied natural gas (LNG) joint venture — Angola LNG Limited — in Soyo.

In 2015, the Nemba Enhanced Secondary Recovery Stage 1 and 2 Project was completed. Total daily production is expected to be 9,000 barrels of crude oil.

Also, last year, CABGOC started comissioning the Congo River Canyon Crossing Pipeline, reported first production at Lianzi in the Angola-Republic of the Congo Joint Development Area, and saw important modifications being made to the Angola LNG project, which produced its first shipment in 2013.

And, as in the past, the company’s social investments in Angola will continue to focus on projects that aim to promote economic development, help train the local workforce and improve access to educational opportunities and healthcare.

In the early days, CABGOC’s work team was formed by a small number of staff members — mostly expatriates. Today, according to Baltz, the firm has around 3,600 staff members in the country working in Cabinda on the Malongo operation and in the capital, Luanda.

Baltz pointed out that, contrary to what happened six decades ago, currently 89 per cent of the company’s workforce is Angolan.

“These employees are active at all levels of our organization — from production operators to senior leaders on my leadership team.”

He affirmed: “I believe this is the key to our success. In every country where Chevron operates, we acknowledge the advantages of working in close collaboration with the local citizens. Training, developing and integrating them into the workplace is the key ingredient for our success. We are very proud of the Angolans who work with us.”

Production hallmarks

Looking back at Chevron’s early operations in the country, Baltz said that after establishing its first onshore production in 1968, the firm developed some other fields near the coastline of Cabinda.

In the 1970s, as a result of the unrest in the country, “we began implementing technologies and we discovered oil in deep water in 1997,” he commented.

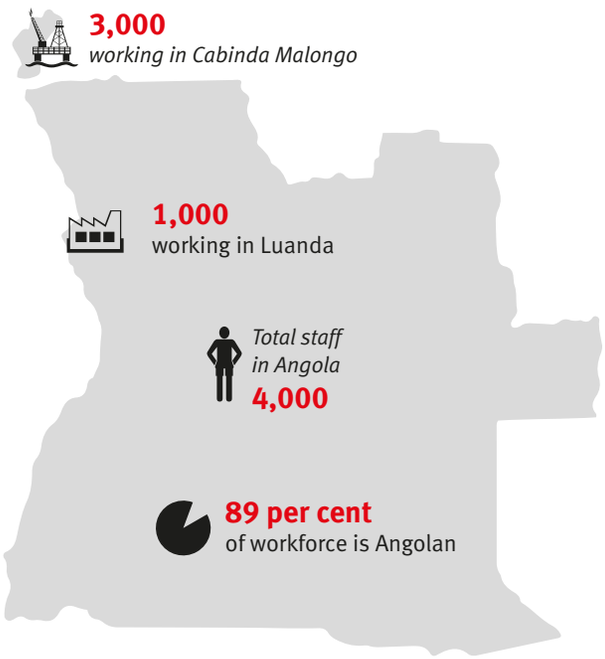
“This represents the predominant type of production in Angola today. The first deep-water production was developed here by Chevron,” he disclosed.

From 2006, production was no longer just concentrated on the prolific Block 0 and additional output on Block 14 was announced.

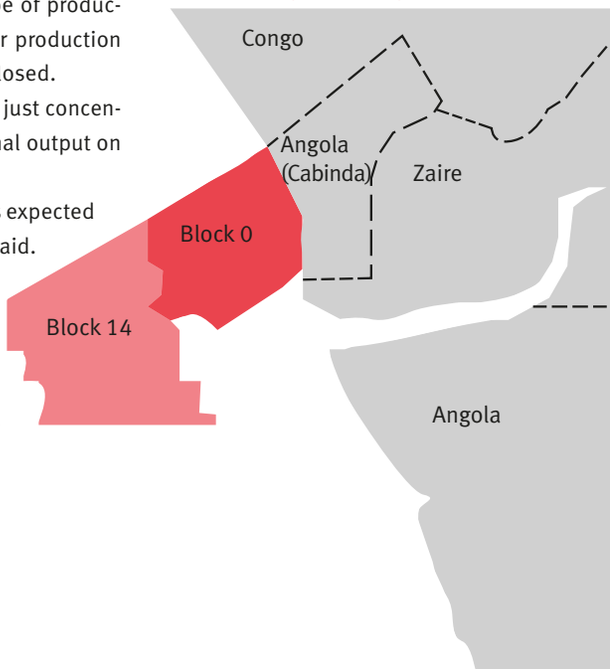
The company now has various projects expected to come online in the near future, Baltz said. “We have a major ongoing project proceeding at the moment at the Malongo field and we expect it to be operational in 2016.”

The scheme, he said, is called

Workforce in numbers



Deep-water production



Discovery of the Malongo field in 1966 kicked off Chevron's production history in Angola. The Malongo terminal was built on the coast of Cabinda in 1968 to store and load crude oil to export tankers. Below is the Malongo field as pictured today.

Mafumeira Sul and represents the second stage of the offshore Mafumeira Field development. Chevron and its partners are investing more than $5 billion in the concession, a move that will have a tremendous impact on production and help revitalize an already very old field.

"It is, in fact, testimony to what we can do technologically and how we can continue extracting more oil from difficult reserves — something that was not possible 30 or 40 years ago," Baltz observed.

Investments and oil prices

Concerning the current investment climate, Baltz explained that, despite the fact the market is currently witnessing short-term variations, Chevron is taking a long-term view of its operations. He stated: "We are going through one of these moments now. But throughout my career, I have witnessed at least five similar environments. I began at Chevron in 1980; hence these comings and goings are nothing new to me.

"Our approach is that we focus on a long-term perspective and we test our development strategies and projects under different scenarios," he explained.

Baltz exuded a good deal of confidence about the future of the petroleum industry and the myriad of uses it offered.

"Oil and natural gas are important fuel sources, but they are also used in other areas, hence it is more than just energy.

"If we look at all the products we use every day, such as plastics, fertilizers and things of the kind, all of it comes from crude oil and natural gas," he noted. "We still believe that demand for our products will remain strong in the medium and long term."

And not even predictions warning of the end to 'black gold' would change the focus of Chevron because, asserted Baltz, in Block 0 and Block 14 in Angola there is a tremendous amount of oil.

He pointed out that Block 0 is a particular success. In 2012 it recorded the production milestone of reaching 4bn b of oil. Last year, cumulative production from Blocks 0 and 14 passed 5bn b.

"That is a huge amount of production and probably the biggest Angolan output. But there is still a lot of oil to retrieve — we have projects that are currently being developed and that will help."

Baltz said that for his company to continue its success in Angola, "we need new technologies, new investment and good cooperation between the government and the national energy company, Sonangol, as the concessionaire. Working together will bring economic benefits for all parties involved."

The Takula field, discovered in 1971, adds value by supporting production from other Block 0 satellite fields, making them economically viable.

The Benguela Belize-Lobito Tomboco structure includes a compliant piled tower with topsides weighing more than 40,000 tons. It is situated in 1,300 ft of water and is the first such structure offshore Angola.

In 2015, Chevron accomplished a historic achievement in Angola: it produced five billion barrels of oil from both the Block 0 and Block 14 concessions in Angola.

Angolan LNG

But Angola is not just a crude oil success — gas is now taking on a more important role. And Chevron is also leading the way here too. The country's eagerly-awaited LNG project is about to be fully operational again after solving some setbacks experienced in 2014.

"Angola LNG's recommissioning is underway. We expect to introduce gas to the plant later this quarter and have the first LNG cargo in the second quarter," Baltz stated.

He was quick to highlight the benefits of developing Angola's gas resources, stating that, for a long time, the fuel was perceived as being worthless to the country.

"The Angola LNG project was designed specifically to use the gas sources available in the country," explained Baltz. "It will also help us reduce environmental concerns."

He stated that, from a technical point of view, the associated gas produced along with oil drilling that previously evaporated, or was resent to the soil, can in fact be converted into liquefied gas and exported.

"We can also use some of the resulting products, such as butane gas, which is very important for cooking, and place them in the Angolan domestic market," he informed. Baltz stressed that the Angola LNG project is the first of its kind in the world.

"We are using gas from oil operations which is stored by different operators and then transformed into LNG. We are very happy with the long-term perspectives of this kind of operation," he said.

The future of Chevron

Asked about the future for Chevron in Angola, Moshiri stated the intention of enhancing the company's ongoing partnership with regard to the development of Angola's natural resources.

"Over the past six decades, Chevron has forged its relationship with the people of Angola through a commitment to workforce development, safety, investment and technological achievement. We expect to continue our collaborative partnerships in the future. That our investments go beyond oil and gas projects to help develop Angola's people is another point of pride for our company," he asserted.

Baltz said he is very optimistic as to the future. "There are many opportunities for us, not only in our blocks, but also in the rest of the country where Chevron expects to remain a long-term partner.

"Our main mission is to work with Sonangol and to help develop the oil and natural gas contained in the blocks we operate. At the same time, we have the responsibility to develop our staff, to help strengthen the communities where we operate. We are certain we will do this in a safe environment and from the environmental perspective," he declared.

Baltz said he is certain the future will bring with it an expansion of operations in Angola.

"We are interested in working in any part of the country where it makes sense — not only for the country, but also for Chevron. Whenever Angola wishes to expand its operations to other parts of the country, we will always be interested," he stated.

Ali Moshiri (l), President of Chevron Africa and Latin America, visiting Angola LNG.

Chevron's social commitment critical to efficient operations

***Gabriel Ivaba**, an Angolan national, is living proof of Chevron's proud record of involving the local workforce in its overseas operations. He spoke to the* **OPEC Bulletin** *about his personal experience of working with the international oil major.*

Gabriel Ivaba, Health, Environment and Safety Manager.

Gabriel Ivaba is Angolan and has been working in Chevron Angola for 29 years. He is currently Health, Environment and Safety Manager and leads a team of over 1,000 people from his office. But he also spends a good amount of time in the field under the company's general policy that the team leader has to be where the work takes place.

He was recruited for the training centre of that field in 1986. He told the *OPEC Bulletin* that, at the time, "Chevron used to look for the best in the basic teaching schools and used to send them to the training centre."

At the age of 14, Ivaba attended a professional school, where he completed his basic training as a metalwork mechanic. He joined the training centre at the age of 18, in order to attend an operations and production course for four years, which comprised a school, on-the-job training and offshore experience.

He began as an assistant and progressed through the ranks as his responsibilities increased. He was appointed supervisor and then, following the company's new organizational plan, took up a scholarship and went to the United States in 1999, from where he graduated in Oil Production Engineering at the University of Tulsa.

Born in Cabinda, Ivaba then returned to Angola to work as an Optimization Engineer, but later took up a position in the field as Supervisor of Deep-Sea Operations and a Superintendent of Malongo, Production and Planning.

His early experiences with Chevron proved to be the personification of the oil company's commitment to developing the human resources at the places where it operates.

Ivaba soon grew to be more curious about Chevron, a curiosity nurtured mostly by photos published by oil and gas magazines showing divers working under water.

"I always knew I would like to be part of this industry. I had this motivation, although I did not fully understand the industry at that time," he explained.

He noted that the fact Chevron's presence in Cabinda

is so strong led the people living there to have the ambition to be part of the petroleum industry from a young age.

"Lots of young people from my time ended up working in this area and especially because they were interested in the training. The Chevron centre was famous, was well-known — we knew older people who had worked there and that appealed to us," stated Ivaba.

When he was selected to attend classes at the training centre, he was joined by 20 other colleagues.

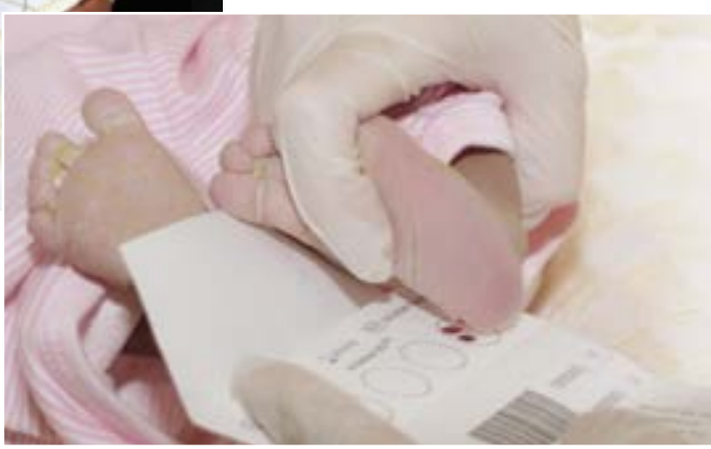
"Chevron recruits students every year for four different training areas. We all had the same opportunities; some are now supervisors. I am in touch with some of my former colleagues and I know that they are well, working at different levels within the company."

Ivaba stressed that the fact they were recruited while they were still young may have been crucial in helping them integrate into the working culture of the company.

"The Chevron way — the values that sustain the company's way of being and acting — are universal values," he asserted.

"I grew up in a religious culture and did not feel a big difference. Quite the contrary, it was confirmation that it was the place where I wanted to be.

Through a partnership with Angola's Ministry of Health and the Baylor College of Medicine International Pediatric AIDS Initiative, the company helped establish Angola's first comprehensive sickle cell screening and treatment programme in 2011.



"Nowadays, I do not see it as an Angolan or American culture because one of the principles of our company is to respect the culture where we are and the rules and laws of the country," observed Ivaba.

However, he admitted that in terms of corporate culture there are differences from company to company.

"I feel happy for being able to convey these values to my family and friends. Nowadays, I live a bit of that

culture here and elsewhere because I recognize myself in that way of being."

Asked what these values involved, Ivaba offered an objective answer: "Firstly, safety in everything we do and respect for diversity. All the ideas, irrespective of the level, origin, country … we respect them, we respect this diversity and that is good because it helps us value the cultures we work with," he affirmed.

"We want to be acknowledged as the best company, not necessarily for what we do, but for the manner in how we do it. Some people focus on measuring results alone. For us, the results have two pillars: the result itself and the manner in how we achieve it.

"I believe that is what makes us different from other companies," he professed.

The last 29 years … and the next

After almost three decades with Chevron, Ivaba feels as if he has already completed a long journey. But, "our company keeps on progressing in the country. We have always been the biggest employer in our industry. Our resolve as to the continuous improvement of our processes and of our labour force is still very much there.

"When we compare our company with others in the world, I see we have had less accidents, we have the most qualified labour force and, in my particular case, more Angolans in leadership positions."

He observed: "I am living proof of that. And as time has elapsed, the percentage of expatriates in key positions has come down as Angolans began taking up the positions."

As to the next step, Ivaba confessed that he wants to stay true to the motto: "What you do today will help you open the next door." The current Head of Operations certainly sees a promising future ahead of him.

"I believe this was the most difficult stage to reach. I cannot say that tomorrow I will be a, b or c, but I can say that I am happy, that I have the right tools and the company gives me the opportunity to develop my work and my skills."

He said his biggest wish is to be certain that, as he moves on, there will be someone there to replace him — someone with the right talent and capacity who will move the company on further.

"That is my biggest challenge and aspiration. To train others, to move together, so that together we can keep on making this company what it has been so far," he concluded.

Programmes that dictate success

The social investment strategy of Chevron in Angola focuses on three areas: health, education and economic development.

In 2014 alone, $5 million were invested by Chevron and its partners in programmes that reached more than 375,000 people, particularly in Cabinda.

In the capital, Luanda, the *OPEC Bulletin* had the privilege to visit two different programmes: the Sickle Cell Initiative at the Pediatric Hospital David Bernardino and the creation of the first business incubator for IT companies in the country.

In partnership with the Baylor College of Medicine International Pediatric AIDS Initiative at Texas Children's Hospital in Houston, Chevron Angola has been developing and testing a programme to identify the sickle cell blood disorder so that sufferers can be treated at an early stage before complications develop.

In Angola, about one in every 65 newborns has sickle cell anemia — a condition that occurs when a newborn inherits two copies of the sickle cell gene. Additionally, one in five babies inherits at least one copy of the sickle gene (sickle cell trait) and, with an average of a million births per year in Angola, it means that up to 15,000 infants may be born with this type of anemia every year.

According to Dr Damián Nirenberg, the lead pediatrician representative of the Texas Children's Hospital, more than 135,000 babies have been tested since July 2011 under the Chevron-backed programme.

He explained that right after birth a blood sample is taken from the child, and is then tested in a laboratory to detect sickle cell anemia.

The parents of all babies with the disorder are then notified and families are taught how to care for their child with sickle cell anemia to reduce the chances of severe illness. Oral penicillin taken daily and pneumococcal vaccinations are prescribed to reduce the risk of infections.

The programme at the David Bernardino Hospital is increasingly gaining prominence. The hospital now has a completely restored lab unit and new equipment for the purpose. All tests for sickle cell anemia are performed by Angolan laboratory technologists and results recorded in a special database.

About 4,000 samples are tested monthly. The programme currently covers 16 hospitals and healthcare centres in Luanda and Cabinda. The plan is to extend coverage to several healthcare centres and maternity establishments.

16 hospitals and healthcare centres in Luanda and Cabinda covered

4,000 samples tested monthly

More than **135,000 babies** have been tested since July 2011

one in every 65 newborns has sickle cell anemia

First IT incubator in the country

This all began with a simple request. The National Institute for Support to Micro, Small and Medium Companies (INAPEM) got in touch with Chevron and asked if the company could donate some computers for one of its entrepreneur incubators.

However, in keeping with its social awareness mandate, the company went the extra mile and with a donation of $450,000 renovated an old building in the capital and set up the first incubator for the area of IT in the country.

Inaugurated in March last year, by mid-April it had received the first group of incubators, formed by ten entrepreneurs, selected from around 70 applicants.

The selected incubators have developed ideas for platforms with a strong social component, namely distance healthcare, video classes, information management, filing and archives and digital documents, intelligent schools and social network for schools.

The incubators will be monitored by five mentors and a senior mentor, all staff members of Chevron.

"I believe in and admire Chevron, which without asking for any monetary compensation, offered its resources to help create the companies," Dário de Brito, a senior mentor for eight years, told the *OPEC Bulletin*.

"We strongly believe in the capacity to create reference companies," said de Britio, who has been working for ten years in the oil company and is currently Head of the Data Centre for Africa.

"I was born and grew up in Angola. I know the work culture of my country. I went to London when I was 19 and the fact I know these cultures allows me to pass on the knowledge," he affirmed.

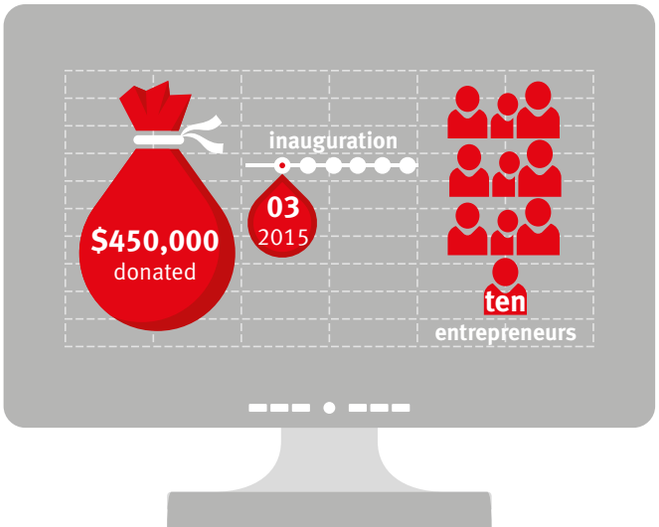
"I can see already some results, for example as regards compliance with schedules," he observed. "We don't want someone who comes here just to sell something — we want ideas to help us develop the country. Good ideas."

Chevron helped create the project structure and monitored all the technical steps for the selection of the incubators, together with an ISP (internet service provider), a company from Uganda.

The Partnership with INAPEM also includes training of staff from the institution, in order to make it sustainable. Hence, Chevron is now also looking for other local partners and is motivating them to make donations to cover the additional needs.

The institute has now been in existence for almost three years. Maria Ruth Chitas, Administrator for Entrepreneurship and Business Incubators, said: "It is new and we did not have any practice. Fortunately, we have succeeded well and we believe this project will be a breakthrough. We may even start other partnerships. We wish to build eight incubators in the country, but we have been experiencing financial problems since 2013."

John Baltz (c), Managing Director of CABGOC, during the inauguration of an ITC incubator.



All photographs in this feature courtesy Chevron Angola.

Dialogue essential for ensuring peaceful coexistence among religions

The International Dialogue Centre in Vienna marked World Interfaith Harmony Week in February with an event that saw Austrian President, Dr Heinz Fischer, address a large audience representing different religions and cultures. The* OPEC Bulletin *reports on the lecture, which was attended by its Editor-in-chief, Hasan Hafidh, who was representing OPEC Secretary General, Abdalla Salem El-Badri.

Austrian President, Dr Heinz Fischer, has highlighted the importance of dialogue in ensuring a peaceful coexistence worldwide, stating that it is essential for ensuring the welfare of future generations.

Speaking at the King Abdullah Bin Abdulaziz International Centre for Interreligious and Intercultural Dialogue (KAICIID) in Vienna in early February, he said: "I consider dialogue, being open to discussion, and the ability to engage respectfully with other viewpoints (even when one does not share them), to be a basic requirement for peaceful coexistence between people, communities, cultures and religions."

Voices of reason

The President was speaking on the occasion of World Interfaith Harmony Week, which is celebrated every year in the first week of February.

He was joined at the event by the Secretary General of KAICIID, Faisal Bin Muaammar, and the Ambassador of the Hashemite Kingdom of Jordan to Austria, Hussam Al Husseini.

KAICIID, an intergovernmental organization that was founded by Austria, Saudi Arabia and Spain in 2012, promotes dialogue to build peace in conflict areas. It does this by enhancing understanding and cooperation between people of different cultures and followers of different religions.

The Holy See is the Founding Observer. Its Board of Directors comprises prominent representatives from five major world religions (Buddhism, Christianity, Hinduism, Islam, and Judaism).

In his lecture, President Fischer traced the roots of several current international conflicts to the manipulation of nationalism, ideology, and the power to marginalize individual rights, or the rights of the weaker sections of society.

In order to bridge the mistrust, or oppression, of those of other religions and cultures or nationalities, he

Dr Heinz Fischer, Federal President of the Republic of Austria.

maintained, "voices of reason, signals of moderation and willingness to talk are needed."

In praising the work of KAICIID he noted that it is the only international organization to work together on an equal footing with leaders of the five major world religions.

"It has the potential, through its work, to create a better understanding between religions and thereby make an important contribution to the development and advancement of human rights," he affirmed.

As a platform for interreligious dialogue, as a bridge builder in interreligious and intercultural dialogue, the Austrian President said the centre can seek to be a cosmopolitan, open, international dialogue partner.

Its work and mandate, as laid out in the establishment agreement, strengthen cooperation and mutual respect at the international level and promote a tolerant exchange of views between religious communities.

In his lecture, President Fischer stressed that Austria's longstanding record of promoting dialogue between religions and cultures has been a valuable asset in recent times.

He said that, within Austria, the regular exchange between the 16 legally recognized churches and religious communities, which include all major world religions, plays a significant and positive role.

"At the centre of this dialogue process stands the promotion of religious freedom and the protection of religious minorities, as well as a clear rejection of any misuse of religion to justify oppression, violence or discrimination.

"The longstanding Austrian expertise in the area of dialogue is recognized at European and international level and Austria strives to be a hub of international dialogue between cultures and religions," he declared.

Friendly neutrality

The Austrian President said the good cooperation between religious communities in Austria, characterized by tolerance, is not a matter of course, but the result of intensive dialogue efforts and a relationship between the state and churches and religious communities, that is characterized by friendly neutrality.

"In Austria, the same applies to those people who do not belong to a religious community. The freedom to live life in all forms and manifestations of religious faith, or even at a distance from religions, is protected by law in Austria and an important part of our political culture," he explained.

Faisal Bin Muaammar, Secretary General of KAICIID.

"The United Nations encourages all states to promote the idea of religious tolerance and the message of interfaith harmony. Given the urgent need to put an end to wars, violence and human rights violations that are unjustly committed in the name of religion, explicitly supporting this request is a matter of concern to me," he added.

Turning to the current refugee crisis, President Fischer professed that interreligious dialogue has received a strengthened practical importance due to the events of last year: the war in Syria has triggered the largest wave of refugees since World War II.

"Taken per capita of its population, Austria is one of the countries receiving the most asylum seekers. Not everyone can stay. But many will remain. The long-term integration of these people into our society is a major challenge.

Importance of dialogue

"As the refugee crisis makes it necessary for countries to quickly and effectively integrate large numbers of people from other religions into their own societies, the practical importance of interreligious dialogue becomes clear," he observed.

"I would like to reiterate that Muslims who live in Austria can and should be a valuable part of our society. It is possible to be a good Muslim and a good Austrian simultaneously," he stated.

President Fischer stated that Austria has a long historical connection with Islam and was the first country in Europe which granted Islam the status of a legally recognized religious community over 100 years ago. "We view a European-style Islam embedded in a state with a basic democratic order as a living reality of Muslims in Austria."

Integration of refugees

The President continued: "The integration of refugees in Austria in the coming years will increasingly need to be part of the dialogue between religions. The inclusion of vulnerable people is a serious, societal responsibility that needs to be carefully and knowledgeably executed with a view to securing social cohesion and social peace in Austria. That (this) will also entail problems cannot be denied. But would we not make the effort, we would have far bigger problems."

In his comments, Ambassador Al Husseini explained the origins of World Interfaith Harmony Week as a Jordanian initiative which was adopted by the UN General Assembly and is now celebrated worldwide.

He paid tribute to KAICIID for its work in promoting dialogue and described Vienna as a global centre for dialogue.

KAICIID Secretary General Bin Muaammar welcomed the representatives of religious and diplomatic communities at the event, stating that "we are governed both by policymakers and by religious leaders: for this reason, no single religion, and no single nation determines our

programmes. It is my belief that dialogue is the best way to foster the mutual respect that builds peace.

"We are trying to help solve global challenges through dialogue. When religious leaders and national policy makers combine their efforts through dialogue, they can create positive change. Religious leaders can influence their communities to resist and reject hate and violence. We support this collaboration because it is a vital peace building asset," he stated.

Bin Muaammar described how KAICIID works to support the integration of refugees into Austria.

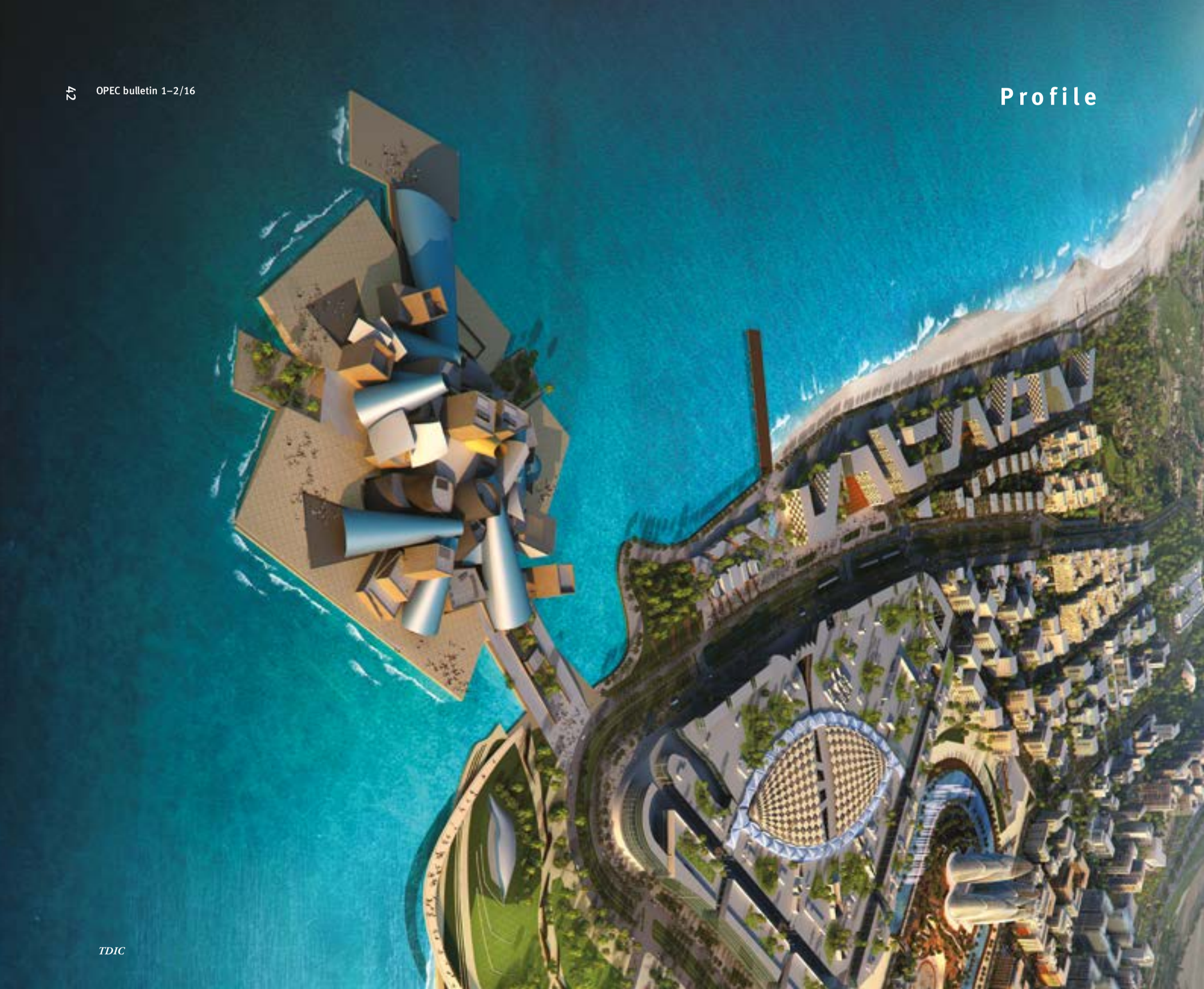
"If refugees are to return to peaceful homes, or to integrate into new circumstances, then we must find a way to help people accept and not fear differences.

"Dialogue helps us achieve this. In dialogue we recognize that we are all equals and share core values. Austrian religious communities have shown great commitment and resolve in supporting the integration of refugees here in Austria.

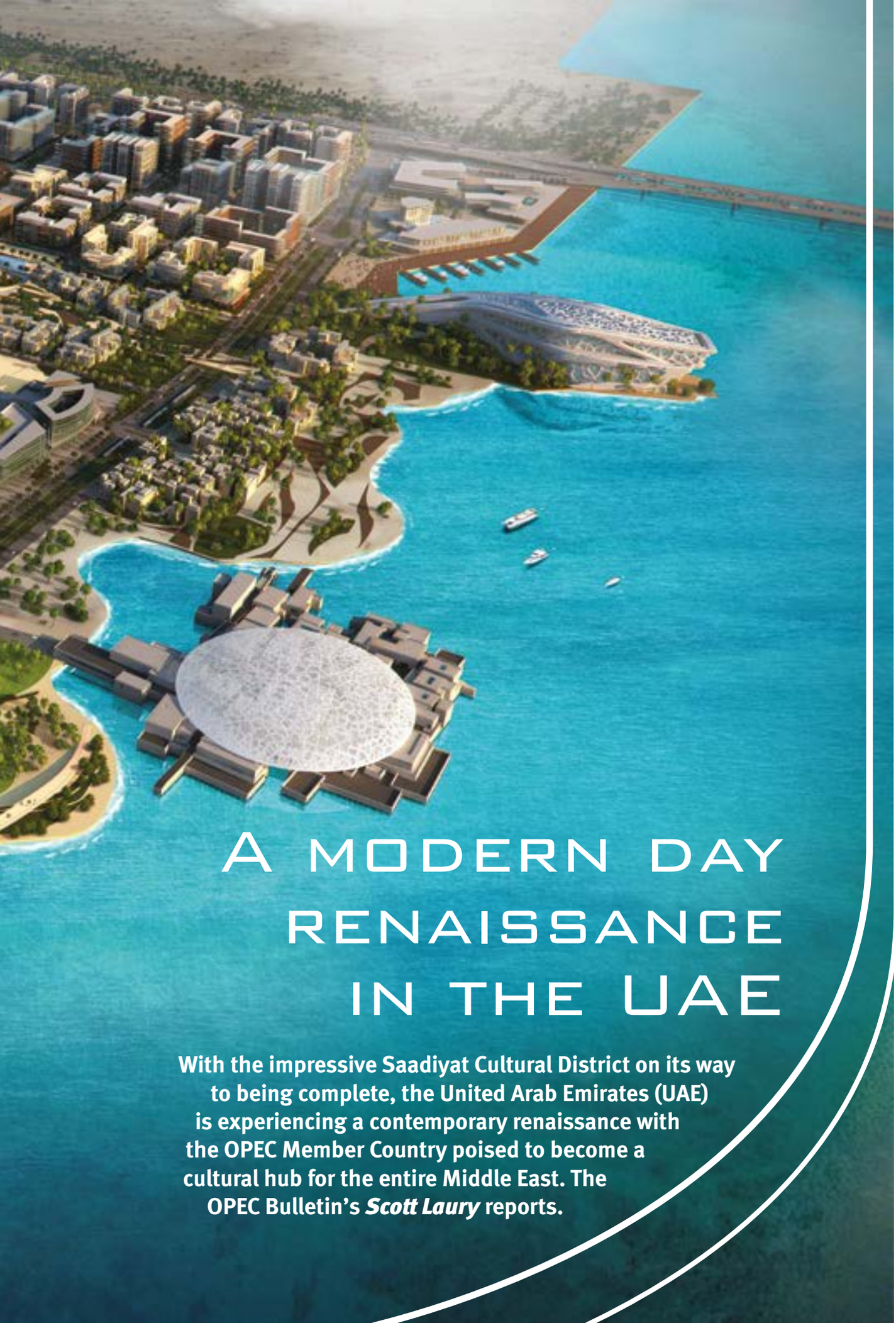
"We are trying to do our part to support these efforts, by providing religious communities the means to help more refugees," he said.

Themessl/KAICIID

Marking World Interfaith Harmony Week, officials at the centre (counter-clockwise from left to right): Teresa Indjein, Director General for Cultural Policy, Federal Ministry for European and Foreign Affairs, Austria; Alberto Carnero, Ambassador of Spain to Austria; Cardinal Schoenborn, Archbishop of Vienna; Dr Heinz Fischer, Federal President of the Republic of Austria; Faisal Bin Muaammar, Secretary General KAICIID; Hussam al Husseini, Ambassador of the Hashemite Kingdom of Jordan to Austria; Monsignor Miguel Ayuso, Titular Bishop of the Diocese of Luperciana, Secretary of the Pontifical Council for Interreligious Dialogue; Fahad Abualnasr, Director General, KAICIID; Dr Mohammad Sammak, KAICIID Board Member; Dr Hamad Al-Majed, KAICIID Board Member, Reverend Kosho Niwano, KAICIID Board Member, Metropolitan Emmanuel, KAICIID Board Member, Dr Sayyed Ataollah Mohajerani, KAICIID Board Member, Abdulaziz Bin Alzaid, Charge d'Affaires, Embassy of the Kingdom of Saudi Arabia to Austria; Ambassador Alvaro Albacete, Deputy Secretary General, KAICIID.



TDIC



A modern day renaissance in the UAE

With the impressive Saadiyat Cultural District on its way to being complete, the United Arab Emirates (UAE) is experiencing a contemporary renaissance with the OPEC Member Country poised to become a cultural hub for the entire Middle East. The OPEC Bulletin's *Scott Laury* reports.

Many pages of the OPEC Bulletin have been devoted to covering the extensive architectural marvels that have been erected over the previous years in some of OPEC's Member Countries, including two cover stories penned by this author on mega tall skyscrapers and on Qatar's massive new Lusail development being built for the 2022 World Cup.

This feature will continue in that same vein, but the story here is not merely about the magnificent structures themselves, but what will be occupying them — an impressive grouping of some of the UAE's and the world's most famous art institutions, all together in one easy-to-visit area.

Located on Saadiyat Island, northwest of downtown Abu Dhabi, the UAE capital, and surrounded by the glistening waters of the Gulf, the 270-hectre Saadiyat Cultural District will be a centre for global culture, attracting local, regional and international visitors to its exhibitions, productions and performances.

The district will host the prestigious Zayed National Museum, as well as branches of two of the world's most famous art institutions — the Louvre of France and the Guggenheim Museum of the United States — in addition to a maritime museum and a performing arts centre.

In a statement made at the opening of an exhibit on the architectural designs for the Cultural District's museums, Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, summed up the goals of the extensive project.

"The aim of Saadiyat Island must be to create a cultural asset for the world. A gateway and beacon for cultural experience and exchange," he said. "Culture crosses all boundaries and therefore Saadiyat will belong to the people of the UAE, the greater Middle East and the world at large."

Zayed National Museum

The first of its kind to open in the UAE, the Zayed National Museum will be a true milestone and living legacy for the Emirates and its citizens.

In cooperation with the British Museum, it will delve into the rich heritage, culture and history of the Middle East and the UAE, bringing it to life for visitors young and old.

The Zayed National Museum, named in honour of the UAE's founding President, will highlight the country's rich culture and history.

Tribute to Sheikh Zayed

The museum will serve as a memorial to the UAE's founding President, Sheikh Zayed bin Sultan Al Nahyan, providing a detailed history on his life and achievements, as well as the lasting effects of the reforms he achieved during his reign.

In an effort to appeal to current and future generations, the institution will also present the UAE's rapid development over the previous decades, which has made it a leading proponent of openness and modernity in the Middle East.

In addition to the permanent and special exhibitions, there will be an education centre, a theatre, lushly landscaped gardens, a café and retail outlets.

The guiding vision of the museum, as described on the Saadiyat website, will be closely linked to the life and spirit of its namesake, Sheikh Zayed.

"The National Museum has been founded in the spirit of Sheikh Zayed's work on behalf of Emiratis and people everywhere," the site proclaims. "It will be a place for all, reflecting Sheikh Zayed's renowned warmth, which he extended to people from all walks of life."

Tradition and modernity

Pritzker Prize winning firm, Foster + Partners, headed by Lord Norman Foster, was selected for this premier project after a hotly contested international design competition involving 12 leading architectural firms from ten countries.

As with the other museums slated to open in the cultural district, the firm has sought to strike the right balance between contemporary architecture and traditional design elements.

Inspiration for the project comes from falconry, a powerful symbol in the UAE and part of its cultural heritage and way of life. This is reflected in the five glass and steel arches jutting skyward, which represent the birds' wing tips.

The ultramodern, high-tech, eco-friendly structure is designed to optimize energy usage in the five arches through natural ventilation and lighting using heat exchange technologies.

Lord Foster explains on the Saadiyat website that the guiding force for the project was to achieve the right balance between old and new.

"Architecturally, the aim has been to combine a highly efficient, contemporary form with elements of traditional Arabic design and hospitality to create a museum that is sustainable, welcoming and of its place," he stated.

In late October last year, Lord Foster and some of his top associates visited Abu Dhabi for a meeting with the city's top tourism officials, including Ali Majed Al Mansoori, Chairman of the Tourism Development and Investment Company (TDIC), Sufian Hasan Al Marzooqi, Chief Executive Officer of TDIC and Mohamed Khalifa Al Mubarak, Chairman of the Tourism and Culture Authority (TCA).

Lord Foster provided a personal overview of his company's unique and symbolic design for the museum, while Al Monsoori updated the architectural team on the latest developments surrounding the Saadiyat Cultural District's various projects.

"We were pleased to meet Lord Foster and discuss the Zayed National Museum's unique design and the museum's progress update," Al Monsoori said in a statement made after the meeting.

"Once we officially announce the museum's contractor appointment, we will ensure the continuity of the high quality standards that are set for all three museums in the Cultural District of Saadiyat," he affirmed.

The Guggenheim Museum

The Guggenheim is one of most prestigious museums in the US. Its elegant location and avant-guard circular design on Manhattan's Fifth Avenue across from Central Park, otherwise known as Museum Mile, is a beloved New York City landmark visited by just over one million art lovers each year.

Though its seems hard to imagine being able to top this location, the Guggenheim Foundation has since opened additional locations across the world, including the Peggy Guggenheim Collection in Venice, which opened its doors in 1980, the Guggenheim Museum Bilbao, which debuted in 1997, and the Deutsche Guggenheim in Berlin, which was open from 1997 to 2013.

The latest and greatest expansion project now entails the Foundation's first venture into the Middle East with the Guggenheim Abu Dhabi.

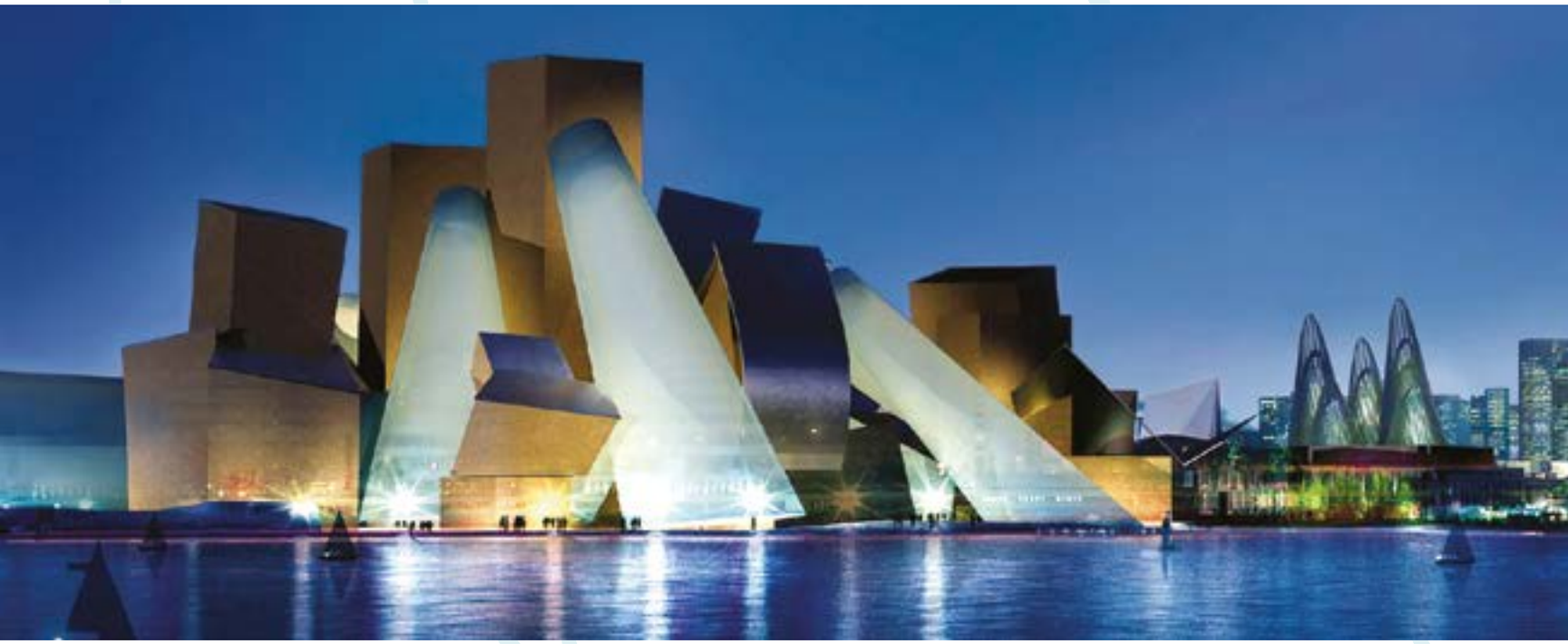
Designed by world-renowned architect Frank Gehry, the museum's 450,000 square feet of space will host modern and contemporary art collections, as well as

special exhibitions featuring works from the Foundation's vast collection.

The time frame for the works of art will cover roughly 1960 to the present day and there will be a regional focus on contemporary art in the Middle East and the UAE.

The museum also seeks to be a centre for education and scholarship in a variety of fields, namely the history of art in the Middle East in the 20th and 21st centuries.

This will be the largest Guggenheim in the world, reportedly 12 times the size of the Manhattan location and is set to become a major cultural destination for the UAE's international visitors and residents, as well as for art aficionados across the wider Middle Eastern region.



A view of the Saadiyat Cultural District from the Gulf with Abu Dhabi's cityscape in the background (l–r: Guggenheim, Zayed National Museum, Louvre, Performing Arts Centre).

A landmark design

Pritzker Prize winning Frank Gehry is no stranger to the Guggenheim Foundation and its desired "look", as he gained great notoriety for his ultramodern, sleek and silvery design for its Bilbao museum, which opened in 1997.

Gehry has described his vision for the Abu Dhabi structure as "intentionally 'messy', moving into clarity."

The design features a monumental interplay between geometric forms, including a series of giant cones, which are symbolic of the region's ancient wind towers. On a practical level, these structures will provide ventilation and shade to the outside courtyards.

The goal again here was to create a design that successfully integrates traditional Arabian culture into a modern, futuristic architectural context, fusing together the best of both worlds, past and future, east and west.

The art galleries, with 13,000 sq m of exhibition space, are strategically placed around the central atrium on four levels and connected by glass bridges. This unique design allows maximum flexibility for the organization of exhibitions.

"The galleries are organized into several clusters connected by catwalks and placed around a covered courtyard," Gehry explains on the Saadiyat website. "Aside from the central vertical circulation from the lobby, each cluster has its own vertical cluster. The connectivity allows organization of art to be vertical, horizontal or a combination thereof."

The facility will also contain a 350-seat theatre to be used for a variety of events, such as music recitals, dance and theatre productions, film screenings and performances.

Educational workshops, classrooms, an onsite conservation laboratory, a library, a research centre, a retail store, several cafes and a restaurant will provide opportunities for visitors to gather and mingle outside the exhibition spaces.

Inaugural exhibition

In November 2014, the Guggenheim launched its inaugural exhibition entitled *'Seeing Through Light: Selections from the Guggenheim Abu Dhabi Collection'* at the Manarat Al Saadiyat arts and culture centre on Saadiyat Island.

The exhibition ran through March 26, 2015, offering an opportunity for the Guggenheim Foundation to introduce its curatorial vision for the museum, while giving visitors a sneak preview of its future offerings.

Featuring 19 artworks from the 1960s to the present, the international exhibition covered a variety of mediums exploring the theme of light. Film screenings, workshops and performances were presented in conjunction with the show.

In a Guggenheim Foundation press release on the event, Rita Aoun-Abdo, Executive Director of the Culture Sector for TCA, spoke about how the exhibition was aimed at encouraging and inspiring up-and-coming local artists.

"The Guggenheim Abu Dhabi is not yet a physical place, but it is already providing a dynamic platform for interrogating the history of art and contemplating both the present and future of contemporary art," she explained.

"This exhibition introduces visitors to the type of special exhibitions that will be exhibited at Guggenheim Abu Dhabi, with the intent to foster a transcultural perspective on the history of art and to encompass various legacies of modernism and the emergence of contemporary art in the region.


www.zayedhnationalmuseum.ae

"Through the artwork exhibited and various supporting community and education programmes, TCA Abu Dhabi aims to foster this perspective and encourage the emergence of home-grown talents," she revealed.

The show's curator, Susan Davidson, who is the Guggenheim's Senior Curator for Collections and Exhibitions, commented on the artistic objectives of the exhibition.

"We wanted to represent the theme of light in all of its aspects; whether natural or artificial, directed or

reflected, interior or exterior, transcendent or celestial," she noted.

"The space of the exhibition has been turned into an environment that visitors can move around in and through the different mediums so that one could be truly immersed in and can experience light in all of its spatial, sensory, and perceptual phenomena," she added.

The Louvre Museum

Through 9,200 sq m of gallery space, the Paris-based Louvre museum will open its first location outside Europe in Abu Dhabi as part of the Saadiyat Cultural District. Currently scheduled to open by the end of this year, the facility will display a diverse body of artwork themed around culture, history and social issues from early times to the current era.

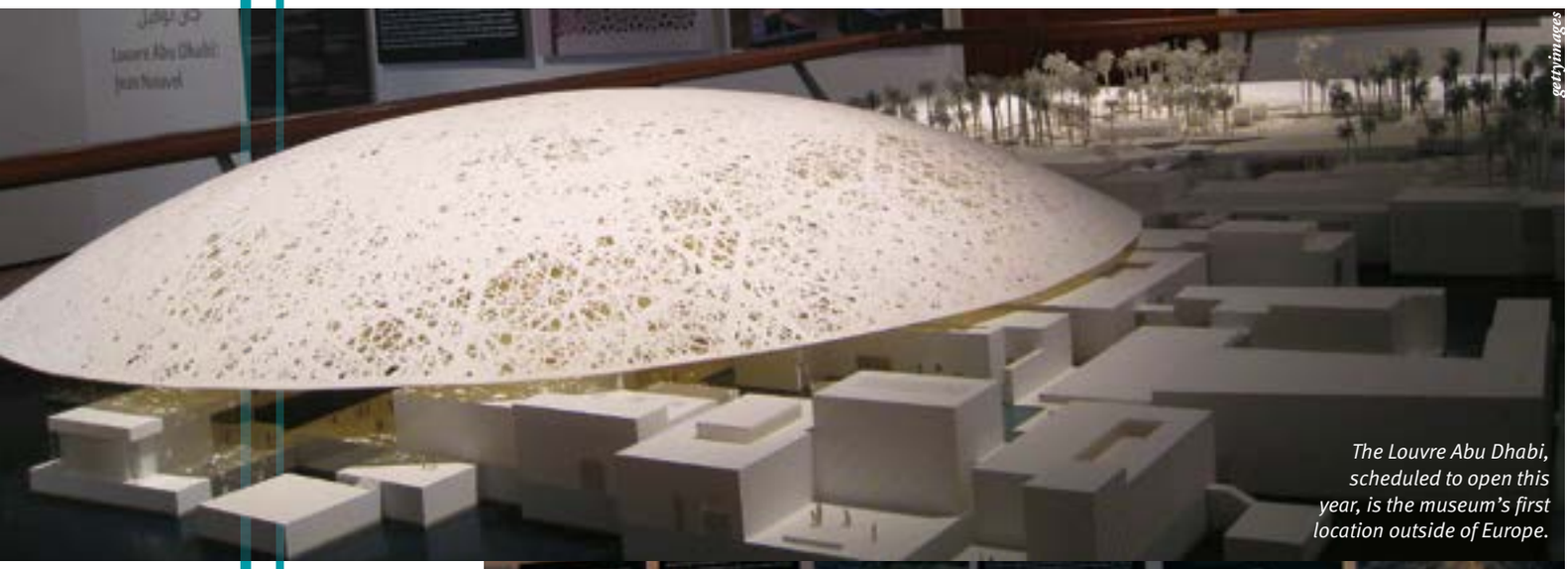
The permanent gallery will focus on artworks from different civilizations, ancient to contemporary, while the temporary gallery will host international exhibitions with loans from major French museums, including the Centre Pompidou, the Musee d'Orsay and the Louvre.

In addition to world-class artwork and sculpture, major objects from the fields of archaeology, fine arts and decorative arts will be featured in the collections.

The museum's vision sees it as a place of discovery, exchange and education. It will also have a social dimension in the UAE, inspired by the 18th century Enlightenment in Europe when great value was placed on cultural development and the establishment of comprehensive museums to collect and display a wide array of artwork for the purposes of public education and scientific study.

A shared universal memory

The museum is positioning itself as a universal museum, breaking away from the traditional taxonomical approach



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The Louvre Abu Dhabi, scheduled to open this year, is the museum's first location outside of Europe.

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The Gugenheim Museum Abu Dhabi, is the foundation's first venture into the Middle East.

of regional segmentation, opting instead for a chronological, global approach. This is geared towards helping the visitor draw connections between various artistic trends across the world's diverse cultures over time.

"One facet of Louvre Abu Dhabi's vocation will be to form a shared universal memory. The dialogue between artworks, sculptures and objects will allow visitors to discover shared influences and mutual historical connections between different cultures around the globe, giving insight into the history of humankind since the beginning of time," the museum's website states.

"The aim is to avoid the isolation of cultures and disciplines, in order to offer a comprehensive history of art, providing an alternative to the particular vision of the world that has long been proposed by museums. Louvre Abu Dhabi will offer a global vision of the history of world art, one that will inevitably evolve over time."

A dazzling structure

The Abu Dhabi site of the Louvre will look a lot different than the stately, royal palace in which its Paris location is housed. In fact, Pritzker Prize-winning French architect Jean Nouvel has come up with a strikingly futuristic, nearly space-age design for the Abu Dhabi branch.

The structure centres around a massive white space ship-like dome measuring 180 m in diameter and covering nearly two-thirds of the entire museum. Its inspiration comes from forms of traditional Arabian architecture, including the mosque and mausoleum.

The geometric lace dome has been designed to capture and display light in all of its glory, both day and night. Its thoughtfully designed geometric openings, or apertures, were inspired by palm leaves, the UAE's traditional roofing material of ages ago.

During the day, light will filter down through the geometric openings, creating a dynamic wave of luminescence, evoking the alluring atmosphere of a palm tree-covered souk. At night, the museum will be magnificently lit on all sides to become "an oasis of light under a spangled dome," as described on the museum's website.

Nouvel explains that the tendency to use this interplay between light, water and architecture is an age-old tradition in Middle Eastern design.

"A microclimate is created by drawing on sensations that have been explored countless times in great Arab architecture, which is based on the mastery of light and geometry — a structure made up of shadows, of movement and discovery," he states. "I wanted this building to mirror a protected territory that belongs to the Arab world and this geography."

Under the dome, a promenade extends outwards and meanders its way through a series of low-rise building clusters, all with unique facades, creating the experience of the Middle Eastern city or medina. These structures will be used to house exhibition galleries in a bright and airy atmosphere.

High-level visits

On January 18, 2016, with construction in its final phases, a high-level delegation from France, including French Minister for Foreign Affairs and International Development, Laurent Fabius, and Louvre Abu Dhabi architect Nouvel were hosted by senior tourism representatives from Abu Dhabi for a tour of the building site, including the structure's signature lattice dome with its "rain of light" effect and the 30,000 sq m of natural stone pavement.

Four days before this, another French delegation toured the site. This time, former French President Nicolas Sarkozy, along with a member of the French Parliament and representatives from the French Embassy in Abu Dhabi, were welcomed by two of Abu Dhabi's top tourism officials — TDIC Chairman, Al Mansoori, and TCA Chairman, Al Mubarak.

"We are honoured to welcome Mr Sarkozy to Louvre Abu Dhabi's construction site, where he was given the opportunity to experience the museum's design come to life and observe the wondrous 'rain of light' effect of its iconic dome, which will attract art lovers and visitors from across the world," Al Mansoori said in a statement made at the event and published on the TDIC website.

"We are also pleased to observe that the museum's construction continues to be on track and we expect to handover the building in mid-2016," he added.

Maritime Museum

The Saadiyat Cultural District's pristine Gulf-side location would not be complete without a memorial to the Emirates' extraordinary maritime history and heritage.

Indeed, this was in the planning, and will come in the form of the Maritime Museum, which will provide an in-depth exploration of the UAE's seafaring history and maritime culture.

A rich seafaring history

Some highlights of the facility will include a traditional seafaring vessel, or dhow, an underground aquarium and the "Memory of Zayed", a boat that chartered an unprecedented charity-journey across the Atlantic Ocean in 2007.

Star architect and Pritzker Prize winner, Tadao Ando, from Japan designed the museum's sleek sail-like structure, which appears to fuse together land and sea through a reflective pool of water and evokes the primal force of wind in maritime culture and transport. The building's interior appears to take the visitor inside a ship, guiding them through the exhibition space.

Where land and sea meet

An article in the *Design Magazine for Middle East and North Africa* describes the unique atmosphere created by Ando.

"Within the ship-like interior of the volume, ramps and floating decks guide the visitors fluidly through the exhibition space, echoing the theme of the museum and creating a dynamic gallery experience.

"Dhows float over the voids of the interior space and help create an intense visual experience by relating objects to one another and to the museum architecture as a whole. Below ground, there is a second space — the reception hall with an enormous aquarium. A traditional dhow floats over the aquarium and is seen from different perspectives."

Performing Arts Centre

Another exciting element of the Cultural District will be the Performing Arts Centre, which aims to attract world-class performers in the areas of music, opera and the dramatic arts.

A multi-use venue, the Centre will contain a concert hall, a music auditorium, an opera house, a drama theatre, an experimental performance space, as well as an academy of performing arts.

Innovative theatre, music and dance

Future visitors can expect to see contemporary and classical music, ballet, opera, movement theatre, as well as dramatic and experimental performance art.

Here again, the architecture and architect are gaining as many headlines as the institution itself, and rightly so, as internationally famed architect, Zaha Hadid, has crafted a unique design for the centre.

A dynamic design

Hadid describes the futuristic structure on her website as "a sculptural form, emerging naturally from the intersection of pedestrian pathways within a new cultural district — a growing organism that spreads through successive branches which form the structure like 'fruits on the vine'."

From above, the building almost appears to be a sting ray or other type of sea creature with a long tail slithering its way forward, poised to plunge into the Gulf's turquoise waters. The glass and lattice work facade of the building resembles leaves and branches, further developing the museum's thematic connection to the natural world.

Performance spaces are organized around central gathering areas, allowing visitors to enjoy the stunning Gulf and city vistas afforded through the massive, nearly floor-to-ceiling windows surrounding the building.

On the northern side of the building, there will be a restaurant with a generously sized, shaded roof terrace, accessible through an adjacent conference centre.

Retail shops will flank the eastern 'tail' of the building, attracting visitors from the main pedestrian corridor.

Manarat Al Saadiyat

Manarat Al Saadiyat, which means place of enlightenment, is a 15,400 sq m arts and culture centre with multiple gallery spaces featuring local and international artists.

It has been open since 2009 on the site of the Saadiyat Cultural District and, in addition to the many art exhibitions hosted there, it serves as a venue in which Saadiyat's various cultural projects are showcased, offering a sneak preview of what is to come in the years ahead as the various museums and other institutions open their doors to the public.

The facility contains three main galleries where permanent and temporary exhibitions are hosted, while a fourth gallery is home to what is called the 'Saadiyat Story', an interactive display outlining the island's history and culture, in addition to how it all fits into Abu Dhabi's greater vision.

The structure also features a central events space, a sales centre, a restaurant and a retail shop with books

Shutterstock

The UAE Pavilion as seen during the 2010 World Expo in Shanghai.

and other items designed in connection with the exhibitions being held at the various venues of the Cultural District.

UAE Pavilion

The UAE Pavilion may look familiar to many visitors. That is because it served as the UAE's magnificent and memorable pavilion at the World Expo 2010 in Shanghai.

Originally designed by the Foster + Partners architectural firm, it was moved piece by piece from Shanghai to the Saadiyat Cultural District in Abu Dhabi at the conclusion of the Expo.

Since opening in 2011, it has served as a key special events venue, hosting art exhibitions, gala dinners and other events, such as the popular Abu Dhabi Art Fair.

The evocative design was inspired by the unique geography of the UAE's rolling desert dunes and depicts two golden, sun-drenched dunes rising gently from the surface. During the Expo, the structure attracted an estimated two million visitors who viewed exhibitions on the culture and history of the UAE.

The Pavilion's permanent home next to the Manarat Al Saadiyat will ensure that it leaves a lasting legacy for the UAE in which its fascinating culture and heritage can be displayed for years to come.

Island life

In addition to arts and culture, there will be ample opportunities to shop, live, study, dine and do business on Saadiyat Island.

A series of districts, including the beach and marina districts, are being developed to offer an upscale collection of retail shops, luxury beachfront residences, a commercial centre, boutique hotels, recreational and sporting opportunities and high-end educational facilities.

The island, with its romantic Gulf-side promenades, is expected to attract local, regional and international visitors who are attending the annual art fair or visiting the many museums that will be located in the Cultural District.

It will also be the future home to an estimated 160,000 new residents who will live in the island's luxury housing developments.

A vision for the future

These ambitious projects are part of Abu Dhabi's Vision 2030, which foresees the UAE capital diversifying its energy-intensive economy to become a regional and international centre for the arts and culture.

The Abu Dhabi Urban Planning Council (UPC) is the agency responsible for developing this vision over a 25-year period.

"The UPC has developed the Abu Dhabi 2030 Urban Structure Framework Plan to optimize the city's development through a 25-year programme of urban evolution," the UPC states on its website.

"In doing so, it is laying the foundations for a socially cohesive and economically sustainable community that preserves the Emirate's unique cultural heritage. This foresight to plan for infrastructure ahead of time is a key example of visionary governance."

The highest levels of UAE government have expressed their support for these initiatives, including the OPEC Member Country's President.

"We are carrying out comprehensive development in all fields to build the community to which we aspire, and to attain a superior lifestyle for our people," proclaims Sheikh Khalifa bin Zayed Al Nahyan, President of the UAE, Emir of Abu Dhabi and Commander of the Union Defence Force, on the UPC website. "This has impressed all who assess progress."

Kashagan oil

Sleeping giant due to awaken in 2017

Reuters

In recent years, the Central Asian Republic of Kazakhstan has been one of the fastest-growing economies in the world. However, the last 12 months or so has seen the country suffer a downturn in fortunes, exacerbated by the slump in international crude oil prices. The government has been quick to act and has introduced a plan-of-action with systematic measures aimed at underpinning growth. But its real hopes for ultimately lifting the nation out of its current stagnation lie with the new start-up date for the giant Kashagan oil field, now set for 2017. Assel Serikbayeva, a former intern at OPEC, who works with the National Atomic Company, Kazatomprom, in the Kazakh capital, Astana, reports for the OPEC Bulletin on her country's current economic situation and just what an operational Kashagan will mean for the nation's future.

Nursultan Nazarbayev, President of the Republic of Kazakhstan.

Karim Massimov, Kazakhstan's Prime Minister.

The last year or so has not been kind to developing oil exporters. With the price of international crude more than halving, the repercussions on all those relying on the industry have been considerable. Take Kazakhstan, for instance. Located in the heart of Eurasia, this booming nation, which was among the fastest-growing countries in the world, saw its economic growth slow from 4.3 per cent in 2014 to 2.8 per cent in 2015.

The largest economy in Central Asia is a growing energy provider and to a great extent relies on the export of its abundant oil resources. The country enjoyed remarkable growth and a long run of prosperity during the commodity boom.

In an official address to the nation, President Nursultan Nazarbayev has highlighted the new political course for Kazakhstan until 2050, the main goal of which, he said, is to join the group of 30 most developed countries in the world.

In order to achieve this standing, the country will need to enhance its export of oil and solid minerals. That is why the Kashagan mega-project is so important for the country's development going forward.

However, with the current economic situation in the region, low oil prices, and the continuing delay of Kashagan's start-up, Kazakhstan's future prospects are under threat.

Ever since its discovery in July 2000, Kashagan, located in the Kazakh sector of the Caspian Sea, close to Atyrau, has been described as the largest oil field outside the Middle East, extending over a surface area of around 75 kilometres by 45 km.

Named after a 19th century Kazakh poet from Mangistau, the field is one of the world's largest oil discoveries of the last 40 years.

Kashagan, the first offshore oil and gas project in the country, has estimated reserves of 35 billion barrels of oil, of which 13bn b are considered recoverable.

In order to develop the field, a new operating company — Agip Kazakhstan North Caspian Operating Company NV (Agip KCO) — was formed in 2001. However, to efficiently manage a project of this scale, a new operating consortium — the North Caspian Operating Company B V (NCOC) — officially took over the responsibilities formerly held by Agip KCO in 2009.

Development of Kashagan, in the harsh offshore environment of the northern part of the Caspian Sea, represents a combination of technical and supply chain complexity. The combined safety, engineering, logistical and environmental challenges make it one of the largest and most complex industrial projects currently being developed anywhere in the world.

The Kashagan reservoir is located 4,200 metres

An oil drilling platform at the giant Kashagan oil field on the Caspian shelf in western Kazakhstan.

below the seabed and is highly pressured. As a result, due to the shallow water and cold winter climate, the use of conventional drilling and production technologies, such as concrete structures or jacket platforms that rest on the seabed, is not possible.

The northern part of the Caspian Sea freezes over every winter which makes it very challenging for conventional offshore platforms to operate. To ensure their protection from the harsh winter conditions and pack ice movement, offshore facilities are being installed on artificial islands. There are two types of island — small 'drilling islands' and the larger 'hub islands'.

Hydrocarbons travel from the drilling islands to hub islands by pipeline. The hub islands contain processing facilities to separate recovered liquid (mix of oil and water) from the raw gas, as well as gas injection and power generation systems.

Given its size and technical complexity, it was decided that the Kashagan field would be developed in phases. Phase I is also known as the experimental programme. Phase II is in the initial design phase, while further phases are still under concept selection. Collectively, all phases are referred to as full field development.

During Phase I, around half of the gas produced will be re-injected back into the reservoir. Separated liquid and raw gas will be taken by pipeline to the Bolashak onshore processing plant at Atyrau (a city in western Kazakhstan), where export-quality oil will be produced. Some of the processed gas will be sent back offshore for use in power generation, while some will be used to generate power at the process plant itself.

After the completion of the second phase of the project, the field is expected to produce oil at a peak rate of around 1.5 million b/d. This will make Kashagan one of the largest oil projects of its generation. Besides the vast oil deposits, natural gas reserves in the field are estimated at over one trillion cubic meters.

Unfortunately, production from Kashagan has been hampered by a series of setbacks. Output at the field actually started on September 11, 2013. However, it was suspended shortly after due to a gas leakage.

The start-up of the Kashagan field has been delayed by the urgent replacement of corroded pipelines.

After closer inspection, it was decided there was a pressing need to replace pipelines that failed to withstand corrosion caused by the presence of toxic hydrogen sulphide. Oil production will only be resumed after the replacement of all the lines.

The planned production of oil at the field is now scheduled to begin in 2017, Kazakhstan's Economy Minister, Yerbolat Dosayev, announced in December 2015 to the Majilis, the lower house of the country's parliament.

"The Kashagan project is realized at the expense of the finance consortium, the NCOC. Work is ahead of schedule. We hope, that the test runs will be made at the end of December this year and we can receive the first oil. However, planned oil production at the field will begin in 2017," Dosayev told a governmental hour in his speech.

The field is expected to produce up to 260,000 b/d of crude by 2020. However, with oil prices below $30/b, Kazakhstan needs to come up with efficient anti-crisis measures to sustain its economic growth.

"The government of Kazakhstan has formed a special reserve to implement anti-crisis measures," First Deputy Prime Minister, Bakhytzhan Sagintayev, revealed in January.

He recalled that in December last year the government and national bank adopted a plan-of-action for economic and social stability, which included systematic measures for the stabilization of the financial sector.

These measures comprised an increase in lending to the economy, the attraction of private foreign investment, as well as the formation of a new social policy with an emphasis on solving the problems of employment.

"Given the rapid decline in oil prices and the volatility in global markets, the head of state instructed the government to work out possible scenarios for the economy of Kazakhstan with oil prices as low as $20/b," continued the Deputy Prime Minister. He did not rule out the possibility of taking "tough decisions on the budget."

Despite the prevailing low oil prices, the development has not caused Kazakhstan, along with some other oil producers, to slow down production. In fact, the United States Energy Information Administration (EIA) has increased the forecast for Kazakh oil production for 2016.

Crude oil output in Kazakhstan this year is now forecast at 1.72m b/d, compared to the previous EIA estimate of 1.71m b/d.

As confirmed by Kazakhstan's Minister of Energy, Vladimir Shkolnik, the country plans to produce 77m tons of oil in 2016, which is 2m t less than in 2015.

"With a plan to extract 79m t, we produced 79.46m of oil in 2015. Our producers tried and slightly exceeded the plan. Our plan for 2016, taking into account natural depletion of the oil fields, is to produce 77m t," he said during a press conference in the capital, Astana in January.

According to Shkolnik, steps are being taken to "achieve the figure and even exceed the stated amount."

Astana, the beautiful capital city of Kazakhstan.

He stressed: "We will launch the Kashagan project this year and it will start contributing to the general production plan from next year on."

In this case, time indeed means money for Kazakhstan's government. The country's Prime Minister, Karim Massimov, does not exclude the possibility of additional budget cuts in 2016.

He said the government had already carried out significant reductions when it drew up its budget in parliament. Depending on the situation, any further cuts would be made in February.

"Probably, we will reduce spending associated with the new projects. We will focus on projects that need to be completed. The projects that start from scratch will be postponed until better times," Massimov disclosed in an interview in January.

Undeniably, the current level of oil prices, coupled with the delay of Kashagan, is damaging for Kazakhstan's development and calls for anti-crisis measures.

Many experts and analysts consider that an effective way to solve the current oil price crisis is for all the major producers to cooperate on achieving market stability.

According to Saudi Arabia's Minister of Petroleum and Mineral Resources, Ali I Naimi, the current situation is a part of a petro-economic cycle.

"As you know, the oil market has witnessed over its long history periods of instability, severe price fluctuations and petro-economic cycles. This is one of them," he told an energy gathering in Riyadh in January, attended by Mexican President, Enrique Pena Nieto, during his state visit to Saudi Arabia.

"Market forces, as well as cooperation among the producing nations, always lead to the restoration of stability. This, however, takes some time," he affirmed.

Other oil producers support Naimi's stance. Russian officials are in discussion with OPEC and its Member Countries about the current oil market situation and ways and means of boosting oil prices, Nikolai Tokarev, head of Russian pipeline monopoly, Transneft, said in January.

He said an official meeting held in Moscow the day before his interview had reached the conclusion that talks with OPEC were needed to bolster the oil price.

"At the meeting there was discussion, in particular about the oil price and what steps we should take collectively to change the situation for the better, including negotiations within the framework of OPEC as a whole and bilaterally," Russian news agencies quoted Tokarev as saying.

With Astana's hopes of oil prices rising once again, and with the technical problems at Kashagan soon becoming a thing of the past, the giant field will once more be awakened.

It is positioned to make a significant contribution to Kazakhstan's future development and prosperity.

Vienna ... The international hub of global organizations

In 1959, a new minister of foreign affairs was selected in the Republic of Austria. It was an appointment that marked the outset of a new era that has achieved several milestones over the years and certainly brightened the history of this small nation of 8.5 million people. Bruno Kreisky, a man born in Austria's capital, Vienna, in the early 1900s, was the initiator and architect of an ambitious and farsighted programme that transformed the city into a critical global hub that, today, one hears of almost on a daily basis. The former Chancellor of Austria embraced a delineated scheme to give Austria, particularly Vienna, an international persona where it became the home of leading influential organizations, such as the United Nations, the International Atomic Energy Agency (IAEA) and, of course, OPEC and its sister institution, the OPEC Fund for International Development (OFID). In this article, OPEC intern, Ayman Almusallam, looks at some of the most important organizations that have their offices in Vienna.

The OPEC Secretariat in Vienna.

OPEC

The Organization of the Petroleum Exporting Countries (OPEC) was one of the first international organizations to set up its headquarters in the city of the famed blue Danube. That was in 1965 after moving from Geneva, Switzerland where it had its first premises following its formation in Baghdad, Iraq in September 1960. Essentially, OPEC is a permanent intergovernmental group of developing countries that are primarily net exporters of crude oil and share a common standpoint in the importance of securing orderly and lasting oil market stability, coupled with fair prices. Its current membership comprises 13 nations which are located in Africa, Asia and South America. The Republic of Indonesia is the newest member of OPEC. It reactivated its membership as of January 1, 2016, after suspending it in 2009.

The Organization is located in the historic first district of Vienna, employing some 140 staff members originating from 38 nationalities. Its chief executive is Secretary General, Abdalla Salem El-Badri from Libya, who has been at the top of the organizational pyramid since 2007. He represents OPEC's 22nd Secretary General since its formation.

In the 55 years of OPEC, the Organization has occupied four locations — three of those in the Austrian capital. Presently, its eight-storey block of offices can be found in downtown Vienna, neighbouring the Viennese stock market, the Vienna University of Law and the Viennese office of the European Parliament.

Since its inception, OPEC has been firm in its vision and mission as a stabilizer of the global oil market with the aim of maintaining fair benefits and returns to all stakeholders, including the producers, the consumers and the investors. It maintains that the key mechanisms required to realize these objectives are dialogue and cooperation among the main parties involved, especially the producing and consuming nations.

OFID

The OPEC Fund for International Development (OFID) stands today as a renowned international financing institution that provides financial assistance to countries in need, especially the poorest and least developed. It was established in 1976 as a result of the OPEC Summit of Heads of State and Government, which was held in Algiers, Algeria, in 1975. In an expression of South-South solidarity, the leaders of OPEC Member Countries proposed establishing a fund to aid fellow developing countries. OPEC Member States themselves are excluded from benefiting from the institution's operations.

OFID works in cooperation with the international donor community and developing country partners to stimulate economic growth and alleviate poverty by providing concessional loans, grants, trade financing and private sector financing. The institution seeks to develop critical infrastructure,

OFID Headquarters in the Austrian capital.

Below: OPEC arrives in Vienna ... a Host Agreement is signed between the late Ashraf T Lutfi (seated r) of Kuwait, and Austrian Foreign Minister, the late Dr Bruno Kreisky (seated l).

advance social service delivery, promote trade and economic activities, in addition to enhancing productivity, competitiveness, efficiency and effectiveness. Moreover, OFID sees the independence of countries requesting the organization's assistance of a great importance.

The institution indicates its mission as the aspiration to realize sustainable development, resulting from human empowerment and capacity-building. Furthermore, its vision signifies the importance of south-to-south cooperation among developing nations, as a mechanism to eradicate poverty.

OFID's current Director-General is Suleiman Jasir Al-Herbish, who was elected in 2003 to hold the notable post. He has developed the entity significantly, ensuring that OFID can provide the necessary assistance to 134 countries across the globe.

OFID currently has 13 members. Its newest member country is Ecuador, which suspended its membership for 22 years prior to reactivating it in 2014. The institution's labour force amounts to 200 persons approximately, originating from more than 30 nationalities.

OFID's headquarters are located in the first district of the Austrian capital.

UN

The United Nations office in Vienna (UNOV) is the third headquarters of the UN after its New York and Geneva offices. Its establishment in January 1980 preceded the establishment of the Nairobi UN offices.

The UN mission is to cope with issues and problems of great concern for humans, such as climate change, peace and safety, sustainable development, health emergencies and terrorism, among other critical matters. Empowered by its charter that is flavoured by international attributes, the UN offers a platform for member countries to share their perspectives and standpoints through facilitating dialogue, negotiations and sharing coming values to identify mutual agreements and homogeneities.

Furthermore, the Vienna office is a permanent mission of the UN that provides ongoing support to the various international organizations located in the capital. According to its website, the Vienna UN office facilitates conference, procurement, information, security and safety, and general services to all organizations situated within the Vienna International Centre (VIC). In addition, it cooperates intensively with the United Nations Office on Drugs and Crime (UNODC).

The current Director General of UNOV is Yury Fedotov, a Russian national. He has held this post since July 2010, while serving as the Executive Director of UNODC. The members of the UN number 193, with South Sudan being the latest member to join the organization in 2011.

According to a report carried by the UN, its labour force in 2014 amounted to 41,426 persons originating from 188 nationalities. Looking at a breakdown, the count of employees in Vienna's headquarters stood at 1,147.

UNOV is located within the VIC in the fast-developing 22nd district of the Austrian capital. The VIC, which houses several organizations, has long become one of the landmarks of the city.

UNIDO

The United Nations Industrial Development Organization (UNIDO) is another one of the significant organizations located in Vienna. The organization was founded in November 1966.

UNIDO acts as a supporting platform for developing nations and states possessing economies in transition and aiming to accomplish wide-ranging sustainable industrial development. The organization's duties are extensive, yet it primarily focuses on the foundation of common prosperity, development of economic competitiveness, and protection of the environment.

UNIDO attempts to realize its objectives through the facilitation of technical collaboration and the provision of consultative services concerning policies and analyses. Additionally, it sets international standards and criteria for compliance and conformation and enables robust and long-term partnerships among stakeholders from different domains, such as private sector and public sector actors.

UNIDO is currently headed by Li Yong from the People's Republic of China. He was appointed as the head of UNIDO in June 2013.

Currently, UNIDO has 170 member states. The most recent nation to join the organization is the Marshall Islands, a small republic situated in the Pacific Ocean. Its Vienna offices employ around 700 persons.

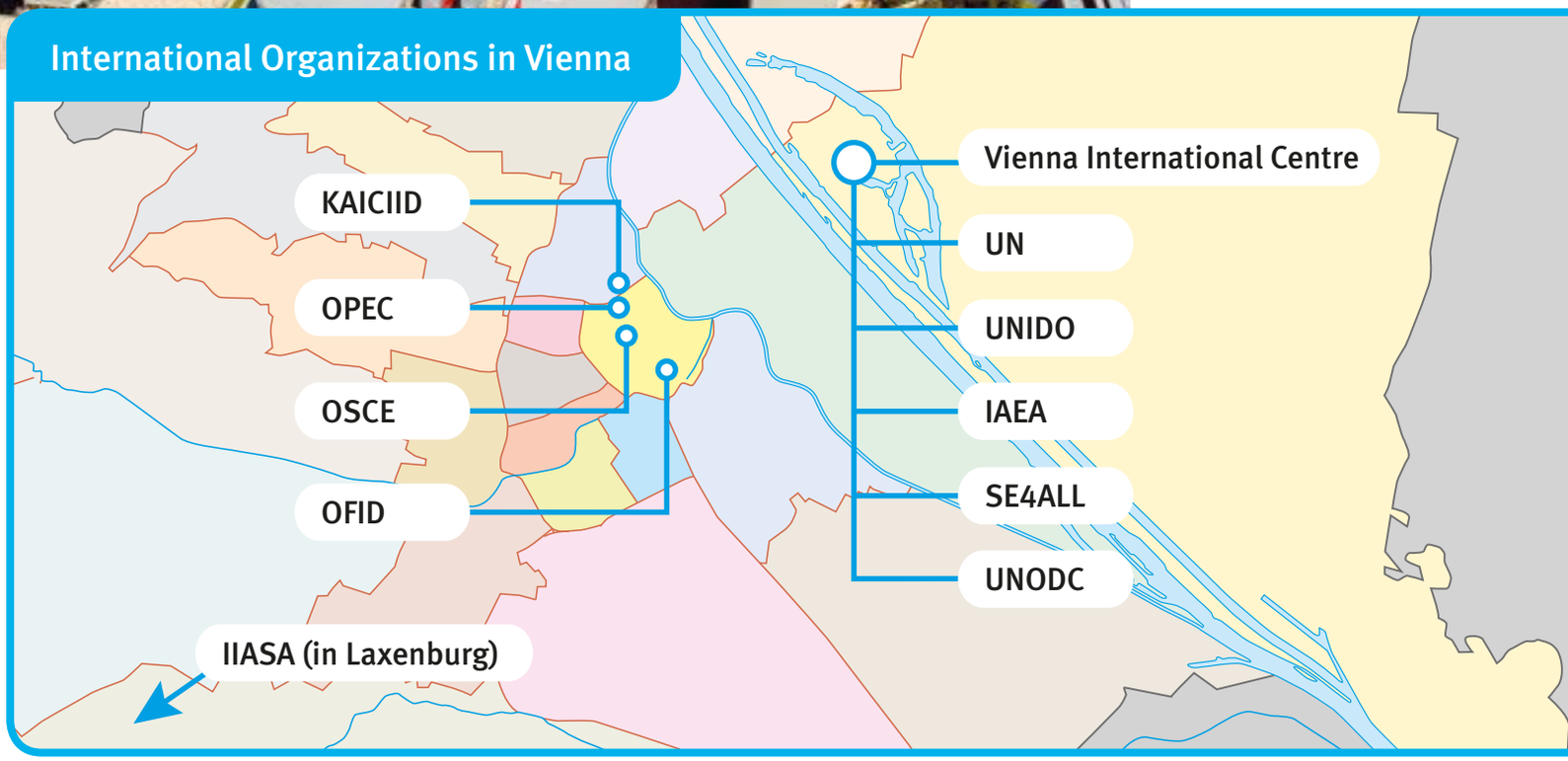
As with the UN, UNIDO is located at the VIC.

IAEA

The International Atomic Energy Agency (IAEA) is one of the most prominent international entities globally. Also widely known in UN circles as the 'Atoms for Peace

Shutterstock

The Vienna International Centre — home to several leading international organizations.



Organization', it was established in 1957 as a part of the UN family of organizations.

The IAEA functions from within its member countries, in addition to having a number of partners located across the world. It aims to support nuclear safety, promote security and encourage the peaceful utilisation of nuclear energy, science and technology.

The Agency shoulders the duty of maintaining world peace and enhancing international security for a better and safer planet. Furthermore, it contributes notably to social, economic and environmental development, which facilitates the realisation of the millennium objectives.

The organization places great emphasis on sustainable development as a means to achieve healthy, robust and expanding economic sectors, such as agriculture. It has also developed a framework to cope with, and overcome, potential threats against the environment and humans resulting from nuclear activities and detrimental radiation.

The independent organization is additionally responsible for conducting verifications and inspections seeking to eliminate the spread of nuclear arms. The current Director General of the IAEA is Yukiya Amano, who is from Japan. He was elected to head the organization in July 2009 after representing his home country as the Governor of Japan, for four consecutive years.

As of November 2015, the IAEA numbers 167 member nations. In that year, Djibouti, Guyana, Vanuatu, Antigua and Barbuda and Barbados were accepted as members. Moreover, Cabo Verde, Comoros and Tonga are expected to become a part of the organization in the near future.

The diversity of member states is greatly reflected on the IAEA's workforce. In 2014, the organization employed 2,560 members of staff. Additionally, 77 private and public organizations are invited regularly as observers.

The IAEA is also located at the VIC.

KAICIID

The King Abdullah bin Abdulaziz International Centre for Interreligious and Intercultural Dialogue, known as KAICIID, is an intergovernmental organization that aims to maintain a continuous dialogue to overcome current conflicts and preclude any potential ones in the future on a global scale.

The multicultural, yet inclusive, organization undertakes the mission to trigger changes through fostering dialogue, in addition to enhance cooperation and mutual understanding, while respecting diversity in origin, race, ethnicity and creed of parties. Envisioning a peaceful globe surrounded by reciprocated respect among humans is deemed as KAICIID's vision

Unlike other organizations, KAICIID may be the only entity governed by a board of directors comprising representatives from key global religions, which are Buddhism, Christianity, Islam, Judaism and Hinduism.

KAICIID's current head is Faisal Bin Abdulrahman Bin Muaammar, who was appointed Secretary General of the organization in 2012, the year of KAICIID's formation.

The Centre is made of three members — the Kingdom of Saudi Arabia, the Kingdom of Spain and the Republic of Austria. These are known as the founding members of KAICIID. Additionally the Holy See is accepted as a founding observer.

The historical first district of Vienna is the current seat of the organization.

SE4ALL

Sustainable Energy for All (SE4ALL) is a global initiative that was inaugurated by the United Nation and embraced by Ban Ki-moon, UN Secretary General in 2011.

The initiative perceives sustainable energy as a necessary means to achieve sustainable development, with energy regarded as a critical factor in enhancing human development. It is supported by key leaders from the public and privates sectors and societies. Furthermore, it holds a unique and significant partnership with the UN and World Bank. Moreover, it aims to realize a thriving, secure and a cleaner globe for the sake of posterity.

SE4ALL envisions three crucial objectives that are targeted to be achieved by 2030. Primarily, the organization considers securing global energy access of great importance, but additionally aims to expand the efficiency of energy. It deems the upsurge of renewable energy sources in the global mix as significant.

Up to 2014, the initiative was supported by 102 nations across the globe, 85 of them developing countries. The initiative network enjoys the participation of more than 2,000 members. Furthermore, OFID and SE4ALL are partners in overcoming global energy poverty.

The initiative is also based at the VIC.

IIASA

The International Institute for Applied Systems Analysis (IIASA) is an international research centre. It concentrates on completing interdisciplinary scientific studies investigating particular areas of research, namely technological, the environment and social science, while maintaining the role of humans in a global context.

The mission of the organization is to enlighten international policymakers through identifying explanations, guidelines and solutions for universal obstacles and international concerns using applied science and scientific mechanisms, in order to expand the well-being of humans and their surrounding environment.

IIASA emphasises on the importance of overcoming global complex matters of a common concern, where their complication extends beyond a single country or discipline, such as climate change.

The institute was established in October 1972 as a result of a meeting held in London to gather representatives of the United States, the Soviet Union and several other countries for the purpose of signing the charter of establishment.

The current head of IIASA is Pavel Kabat, born in the former Czechoslovakia in 1958. He is the tenth Director and Chief Executive Officer of the institute, elected to the post in 2012.

IIASA has 23 member states from six continents. In 2015, the institute was being supported by 333 researchers from 49 nations who managed to publish 250 scientific journals through the assistance of 2,500 scholars, 600 partner organizations and 1,819 young scientists, in addition to almost 4,000 alumni from 90 countries.

The institute is based in Laxenburg, a town located in Lower Austria some 30 kilometres from the centre of Vienna.

OSCE

The Organization for Security and Cooperation in Europe (OSCE) is an inclusive entity targeting environmental, politico-military, economic and human aspects.

The extensive variety of subjects of concern for the organization includes, but is not limited to, countering terrorism, human rights issues and policing strategies.

The establishment of the OSCE took place in the early 1970s coinciding with holding a conference on security and collaboration in Europe. The conference sought the formation of continuous dialogue as the primary principle and an effective mechanism to strengthen ties. The grounding act was ratified in August 1975 in Helsinki, Finland.

OSCE is presently headed by Lamberto Zannier, an Italian national, who was appointed as its Secretary General in 2011.

The organization consists of 57 members from across the globe. It employs more than 2,500 persons originating from 50 nations roughly. Mongolia is the newest OSCE member. It joined in November 2012.

The organization is located in Vienna's renowned first district.

UNODC

The UN Office on Drugs and Crime (UNODC) is one of the UN's specialized offices. It seeks to combat illicit drugs, crime and terrorism on an international scale. The current office is a result of integration of the former UN Drug Control Office with the UN Office for International Crime Prevention, a process that was completed in 1997.

UNODC carries an exclusive official capacity to operate in any area of the globe.

The organization's mandate emphasises on the necessity that it supports and assists all member countries, if needed, in preventing crime, overcoming any drug-related struggles and countering terrorism. It adopts a wide range of instruments to accomplish its objectives, such as field operation, research and investigation, and continuous assistance to states.

The head of UNODC is Yury Fedotov, UNOV's Director General. He has held the post of Executive Director since 2010.

More than 190 countries are regular participants of UNODC. Furthermore, the organization's labour force pegs to 1,500 personnel roughly.

It is also seated at the VIC, neighbouring UNOV.

OSCE/Mikhail Evstafiev

Achievement

These are just a few of the main international organizations that reside in Austria and mainly Vienna today. The actual number is quite astonishing.

But they all represent a notable achievement instigated as a result of the ambitions and unhindered vision of Bruno Kreisky, who unfortunately died in July 1990 and is no longer able to see the fruits of his commendable labours.

The fact is, all those years ago, this Viennese political luminary decided to take the international standing of his home town a couple of steps further — and succeeded in providing a home from home for international organizations that has snowballed ever since.

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

This section is dedicated to capturing those visits in pictures.

December 11

Rajiva Misra, Ambassador of India to Austria, visited Abdalla Salem El-Badri, OPEC Secretary General.

January 21

Cheng Jingye, Ambassador of the People's Republic of China to Austria, visited Abdalla Salem El-Badri, OPEC Secretary General.

January 29

Dr Georg Kraft-Kinz, CEO of Raiffeisen Bank, visited Abdalla Salem El-Badri, OPEC Secretary General.

January 29

Dr Majid Al-Moneef, Saudi Arabia's former OPEC Governor, visited Abdalla Salem El-Badri, OPEC Secretary General.

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 13 Students from the Ludwig Maximilian University of Munich, Germany.

November 16 Students from the Executive Energy MBA programme at the Vienna University of Economics and Business, Austria.

November 18 Students from the Webster University, Vienna, Austria.

November 19 Students from the Akademisches Gymnasium Wien, Vienna, Austria.

November 24 Students from the Saudi School, Vienna, Austria.

November 25 Students from the Economic Association of the University of Bayreuth, Germany.

1976-2016

Uniting against Poverty

OFID@40

Institution marks milestone with pledge to meet new challenges

OFID

OFID Headquarters in Vienna.

OPEC Fund for International Development (OFID)

Abdalla Salem El-Badri, OPEC Secretary General, has paid tribute to the Organization's sister institution, the OPEC Fund for International Development (OFID), on the 40th anniversary of its founding.

OFID recorded the landmark four decades of existence on January 28, 2016, which it described as "a milestone for any organization, but even more so for OFID, which started life as a short-term facility, with a narrow scope and limited resources."

In a congratulatory message to the Fund, made on behalf of the OPEC Secretariat in Vienna, El-Badri said it was clear that in its 40 years of operations, OFID has served the interests of developing countries well.

"It was not only among the first development finance institutions founded by developing countries themselves, but it has played an important role as a pioneer in efforts to eradicate energy poverty," he said.

"And through its infrastructure financing, capacity-building and technical assistance, it has continued to support human and social development in countries around the world," he pointed out.

El-Badri began his message by saying that OPEC has always been characterized by great diversity among its Members.

"But despite the great variety in their cultural, economic and geographic conditions, they also have important things in common. One of these common denominators is that every OPEC Member Country is also a developing country.

Challenges and concerns

He continued: "When Member Country Finance Ministers established OFID in 1976 — building on the Solemn Declaration resulting from the Conference of the Sovereigns and Heads of State of OPEC Member Countries held in Algiers, Algeria, in 1975 — they were already familiar with the challenges and concerns shared by developing countries."

El-Badri pointed out that, today, OFID continues to serve as an important reminder that the means for improving people's lives can be found in developing countries themselves.

"May it continue to do so in the coming decades," he concluded.

El-Badri's comments were among various statements from other high-level dignitaries included in a special commemorative edition of the OFID *Quarterly* magazine.

The publication's comment, under the headline 'OFID at 40: A powerful voice in challenging times', said the international development finance institution today stood as an entity with considerable substance, presence and influence — a position achieved through hard-won experience and dedication to duty.

But it stressed that OFID's journey has by no means been an easy one. "The challenges have at times been immense. Take the crisis-laden 1980s, where global recession and reduced oil revenues placed the young institution's very existence under threat. OFID not only survived, but came back stronger than ever," it affirmed.

Abdalla Salem El-Badri, OPEC Secretary General.

"It was not only among the first development finance institutions founded by developing countries themselves, but it has played an important role as a pioneer in efforts to eradicate energy poverty." – El-Badri

"Then came the 1990s and the series of extraordinary geopolitical shifts that thrust a new group of countries into the ranks of the needy. In a true spirit of solidarity, OFID welcomed them with open arms and adjusted its programmes accordingly.

"And most recently, the world endured the worst financial and economic meltdown of modern times. Again, OFID weathered the storm, this time by rising above it to unprecedented heights," it stated.

The comment noted that in between these pivotal events, there have been famines, wars and countless natural disasters, all demanding — and receiving — a swift humanitarian response. At the same time, the needs and priorities of partner countries have constantly shifted, driven by influences such as globalization, climate change and AIDS.

"OFID has stood firm throughout, repositioning itself whenever necessary to keep its work relevant and meaningful. This has meant embracing new financing instruments and models, building a more diverse partnership network and boldly venturing into uncharted territory," it affirmed.

The comment observed that the institution has literally reinvented itself with a comprehensive rebranding exercise heralding the birth of the acronym, OFID. This came with the creation

of a modern new logo, the adoption of the motto 'Uniting against Poverty', and the crafting of a new vision and mission.

"Behind the scenes, there has been financial and operational restructuring, systems' modernization and institutional capacity-building."

It said there have been many defining moments in OFID's twisting journey, most recently the $1 billion resource replenishment from its Member Countries, "whose support has been unstinting"; and the inclusion — thanks in no small part to OFID's activism — of energy poverty eradication in the 2030 Agenda for Development.

"But perhaps the most remarkable aspect of this checkered history is the wholesale transformation of OFID from an institution content to simply implement the global development agenda to one actively engaged in shaping it — to one that blazes a trail for others to follow.

"After decades of following the lead of others, the OFID of 2016 is a true development pioneer, as demonstrated by its recognized role as the "champion" of energy poverty alleviation.

"It is also a partner of choice, both in the eyes of its peers and those of the countries it works with. Considering the institution's modest size, this is an outstanding achievement by any reckoning," the *Quarterly* maintained.

It said the transformation has been so complete as to render the institution virtually unrecognizable from its original incarnation.

"Unrecognizable, that is, except for its core values, which shine as clearly today as they did 40 years ago. Today, OFID is still defined by its commitment to South-South solidarity, its focus on people-centered development and its unqualified impartiality."

The comment said that, guided by these principles, OFID has delivered close to $19bn in support of more than 3,500 operations across 134 countries — "no mean feat for an institution of just 13 Member Countries."

It continued: "For OFID, this milestone anniversary is not only a celebration of four decades of service to the South, but also a tribute to generosity, commitment and the power of partnership. It is, moreover, an opportunity to stand up for the cause closest to OFID's heart — the right of every man, woman and child to live in peace, security and prosperity.

"This is why OFID has chosen to dedicate its anniversary year to the plight of refugees; to the millions of people forced to flee their homes and countries in search of a better, safer life. At the grand old age of 40, OFID has a powerful voice — and will not hesitate to use it," it concluded.

OFID: An outstanding model for the world to follow

Abdulwahab Al-Bader, OFID Governing Board Chairman, whose ties to the institution go back more than 35 years, said that in witnessing almost the whole of OFID's journey, for him the most important landmarks are the ones that have made the greatest difference to the execution of OFID's mission.

Abdulwahab Al-Bader, OFID Governing Board Chairman.

Expanding its outreach and impact

"The two I would highlight are the establishment of the private sector and trade financing windows. With these mechanisms to complement its traditional public sector operations, OFID has been able to greatly expand its outreach and impact. It's worth noting, too, that these two facilities made a tremendous contribution to OFID's financial sustainability," he maintained in an interview with the *Quarterly*.

"I should also mention the Fourth Replenishment of 2012. By pledging $1bn in fresh resources, Member Countries not only reiterated their trust and confidence in OFID, but also displayed their continued interest in the work of their institution. The replenishment was a strong demonstration of Member Countries' solidarity with the rest of the developing world."

Al-Bader said there is no doubt in his mind that OFID's founding fathers would be extremely proud of the force their institution has become.

"And not just because of the position it has achieved in the global development arena, but also because of the real difference it has made to the future of millions of poor people struggling to carve out a better life."

New global development agenda

Looking at the future for OFID, Al-Bader said he thought the years ahead would be exceptionally busy for the institution.

"The world has a new development agenda and OFID has a strategic plan aligned with that agenda. Implementing them both will be a challenge. But, we have a very clear idea of where we are going and what exactly we have to do to get there."

He pointed out that OFID has made a name for itself as the pioneer of energy poverty eradication.

"Its *'Energy for the Poor'* initiative is an outstanding model for the world to follow … I would hope to see OFID shining a light on millions of lives in the coming years. I believe that energy access is the main component necessary for every country aspiring to overcome underdevelopment. So, our work in this regard is crucial," he stressed.

Al-Bader professed that OFID's management team, led by its Director-General, has done remarkable work over the past decade or so in terms of modernizing the institution and getting it in the best possible shape for tackling the challenges of the new development agenda.

"… I never fail to be impressed by the professionalism and dedication of both management and staff. I feel a genuine air of pride from everyone — in their institution and in the day-to-day work.

"I would hope that we governors would continue to cooperate to create the best possible environment that allows the best results for OFID," he added.

Pride in a job well done

Suleiman Jasir Al-Herbish, OFID Director-General for the past 12 or so years, told the *Quarterly* there has been tremendous change over the span of OFID's existence.

"I could talk about growth, outreach, policy direction, visibility, and so on, but for me the most important factor is the mentality of our people, because nothing can be achieved without a committed workforce.

"At OFID, we have almost 200 staff from over 30 different countries and they are all fully dedicated to our motto *'Uniting against Poverty'*. They do their job with a great passion and this passion has been the main force driving all the positive developments," he affirmed.

"We have encouraged a culture of openness and participation that impacts people very positively and gives the feeling of belonging and moving toward a new horizon. A concrete example is our *'Energy for the Poor'* initiative. As a body, OFID staff members are exceptionally proud to be party to a mission which is noble and unprecedented. The result is a great willingness to take on the challenges that this involves," he added.

Looking back over the years of OFID's operations, Al-Herbish said there have been many landmarks since. "But I think the most significant have also been the most recent, mainly because of the exponential growth we have experienced over the past ten to 12 years."

Resource replenishment

For him, one very special high point was the $1bn resource replenishment received from Member Countries in 2012.

"This was the first resource boost in 30 years and a resounding endorsement from our shareholders that they approve of what we are doing," he observed.

A second highlight, said Al-Herbish, was the inclusion of energy poverty eradication in the outcome document of the Second OPEC Summit in Riyadh in 2007.

"Few people know that the relevant Article of the Riyadh Declaration was actually drafted here in this office. We were the ones who took the idea to our Member Countries, who in turn took it on board and made it a decision of the Summit.

"Their call — on all OPEC aid institutions including OFID — was

Suleiman Jasir Al-Herbish, OFID Director-General.

the springboard that not only launched OFID on a new path, but that also marked a major watershed in terms of OFID's position in the international development community," he declared.

Energy poverty eradication

"But, and I think I speak for everyone at OFID when I say this — by far the most momentous milestone and certainly our greatest ever achievement is the inclusion of energy poverty eradication as a stand-alone goal in the 2030 Development Agenda.

"I say greatest ever achievement, because it represents the outcome of seven or eight years of hard advocacy. It gives me the greatest sense of pride and satisfaction to have closed the gap between what we set out to do and actually achieving it.

"We were the ones who brought this issue to the attention of the world. Yes, we are only just getting started in terms of really delivering on the agenda, but the fact that energy access is finally on the agenda — and not only that, but acknowledged as its lynchpin — is a supreme accomplishment," he contended.

Al-Herbish said OFID has coped very well in adapting to new challenges in the development arena.

"In fact, I would go as far as to say that flexibility and responsiveness are two qualities that we value above all others. We are here to meet the needs of our partner countries, and we are prepared to do whatever that takes.

"However, here too, there has been a major shift in recent years. Up until we took on the cause of energy for the poor, I think it is fair to say that we had been more reactive than proactive — happy to follow the lead of other, more experienced players.

"But as the pioneers and champions of energy poverty eradication, we have transformed into an institution that is actively shaping the global development agenda.

"So, today, 2016, we are ahead of the curve, rather than simply following it," stipulated Al-Herbish.

Looking ahead, he said perhaps the best manifestation of OFID's intent in the years ahead can be found in the institution's Corporate Plan 2016–25. The cornerstone of this strategic framework is the energy-water-food nexus, with transportation as an additional enabling sector.

"We anticipate 70 per cent of our activities being dedicated to these key, interlinked sectors. We will also continue our advocacy work, particularly with regard to the necessity of taking a technology-neutral approach to energy access," he revealed.

"In trying to deal with this problem, we should not impose on the poor a particular technology or source of energy. Any solution that is superior to burning animal waste is a welcome solution. So, both fossil fuels and renewables have a role — and OFID will continue to utilize both in accordance with the local situation," he stated.

OFID dedicates anniversary to 'Year of the Refugees'

In line with its commitment to staying relevant and responding to current developments, The OPEC Fund for International Development (OFID) has dedicated its 40th Anniversary year to the plight of refugees.

The move is intended as a sign of solidarity, both with the people torn from their roots and with OFID's host city Vienna, which continues to shoulder a disproportionate burden.

Suleiman Jasir Al-Herbish, OFID Director-General, said: "A new situation is developing that needs urgent attention from all. We cannot abandon helpless refugees who risk their lives to access a better and dignified life elsewhere.

"OFID has chosen to dedicate such an important anniversary to the plight of refugees to raise awareness of a global humanitarian crisis which is a responsibility for all of us to end," he stated.

Speaking to the OFID *Quarterly* magazine about the thinking behind this decision, he said that when he met with the institution's senior management team to discuss the anniversary, there was a very firm consensus that it would be inappropriate to celebrate in the usual way.

"Here in Vienna, the refugee situation has really imposed itself; we all feel it. Very many of our colleagues — and indeed my own wife — are going every day to the various reception centres to see what they can do to help.

"Regardless of their nationalities, these innocent people need our assistance," he asserted.

OFID's programme of engagement will include advocacy, as well as concrete support at local level.

"In terms of what we are actually going to do, we have a whole programme lined up that includes awareness-raising, as well as tangible assistance, such as a communication centre, travel kits, and so on. The whole organization is on board with the idea and geared up to make every effort count," he affirmed.

The United Nations estimates that with the current refugee crisis, more people are displaced now than at any time since World War II. The greatest flow of refugees has come from Syria, whose civil war, now in its fifth year, has been described as one of the worst humanitarian disasters of modern times. Nearly 12 million Syrians have been displaced so far by the fighting, half of them children.

As the situation in Syria worsens, many refugees have been making their way to Europe, seeking a better life for themselves and their families. Over the past months, the number of refugees arriving in Europe has been overwhelming, especially for countries like Germany, Austria, Slovakia and Hungary.

Austria and Germany, in particular, have opened their borders and allowed thousands of refugees into their countries. While this action has been viewed positively, it also requires sustainable solutions for the long term, as well as extra funding to ensure that these refugees have the basic amenities to survive.

In dedicating its 40th Anniversary to the 'Year of the Refugees', OFID extends its solidarity to Austria and seeks to help ease the burden its host country faces in managing this situation.

OFID's response to the crisis is a Volunteer Engagement Programme (VEP), which will enable staff members to make a more meaningful impact. Employees have already been playing a strong role on a voluntary basis. The anniversary plans will see the transformation of these individual efforts to a more structured collective effort in collaboration with local NGOs.

Dr Deyaa Alkhateeb, who chairs OFID's 40th Anniversary Committee, said: "Through its valuable pool of employees, who can offer much-needed assistance within its host country, OFID has the opportunity to multiply its assistance beyond operational partnerships."

One of the first activities will be the establishment of an OFID communication centre. For most of the refugees arriving in Vienna, communication is one of the biggest challenges. OFID plans to set-up a centre offering Internet use so that refugees can keep in touch with their scattered families via email and Skype.

Another issue that refugees face when arriving in Vienna is the language barrier. Through the VEP, OFID staff members, fluent in Arabic and Farsi, will offer interpretation and translation services, as needed, in coordination with the various NGOs that are organizing care and shelter for the refugees.

Volunteering will also extend to night assistance and the provision of legal advisors to help refugees with filling in applications and writing official letters. As most refugees arriving in Vienna have been travelling long distances and need basic necessities, OFID is also providing emergency travel kits, which include essentials such as hygiene products and warm clothing.

Another event planned is a fundraising photo exhibition that will shed light on the history of the refugee story and showcase OFID's engagement on the ground, including with Palestinian refugees in Lebanon. The hope is that the exhibition will increase awareness of

Thousands of refugees have entered Austria as a result of global conflicts.

the wider issue. Funds raised will be donated to support the activities of an NGO working with refugees in Austria.

The VEP will also run an art workshop for refugee children, whose special needs are sometimes overlooked. The workshop will focus on the psychological welfare of refugee children and, in particular, on the importance of play.

It will involve painting, play, and artistic expression and education, with assistance from OFID staff members with artistic talents. To realize this key project, partnership has already begun with the Viennese-based NGO Life2Live.

OFID has long provided assistance to people fleeing conflict. One of its strongest partnerships is with the UN Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA), which started in 1979. Since then OFID has approved more than $30m in grants to support UNRWA's engagement in the Palestinian territories, notably for education, vocational training, emergency relief and humanitarian aid programmes.

This sum represents nearly one-quarter of the $146m total financing that OFID has provided to some 500 operations in the West Bank, Gaza Strip and Lebanon through various partners.

In 2004, OFID expanded its collaboration with UNRWA by establishing the PalFund, which extends microfinancing to entrepreneurs and artisans for income growth.

Another key partner is the UN refugee agency, UNHCR, which OFID has been working with since 1984. In total, OFID has extended 12 grants worth over $6.5m for UNHCR operations in Africa and Asia.

Many of these grants involved emergency assistance, such as aid delivered during the Libyan crisis and for Afghan refugees in Pakistan.

But large sums have also gone to support special programmes focusing on reintegration, health services, education and protection assistance. A number of these projects support not only refugees, but also people who are internally displaced due to conflict.

Other NGOs OFID has partnered with to help refugees include the International Federation of Red Cross and Red Crescent Societies, Medical Aid for Palestinians, and the Arab Gulf Programme for Development, among many others.

OFID at a glance

The OPEC Fund for International Development (OFID) was conceived at the Conference of the Sovereigns and Heads of State of Member Countries, held in Algiers, Algeria, in March 1975.

A Solemn Declaration "reaffirmed the natural solidarity which unites OPEC Countries with other developing countries in their struggle to overcome underdevelopment," and called for measures to strengthen cooperation between these nations.

In this spirit, OFID was established in January 1976 by the then 13 Member Countries of OPEC. Initially, it was called The 'OPEC Special Fund'. The idea was that OFID's resources are additional to those already made available by OPEC states through a number of bilateral and multilateral channels.

Its strategic aims are to promote cooperation between OPEC Member Countries and other developing countries as an expression of South-South solidarity; and to help particularly the poorer, low-income countries in pursuit of their social and economic advancement.

Such overriding goals would be achieved by extending concessionary financial assistance in the form of loans for development projects and programmes and for balance of payments support.

The Fund participates in the financing of private sector enterprises located in developing countries and supports developing countries' trade with term loans and guarantees.

It also provides grants in support of social and humanitarian development projects, capacity-building, research and similar activities and HIV/AIDS operations, as well as emergency food and relief operations.

In addition, it contributes to the resources of other development institutions whose work benefits developing countries.

And it serves OPEC Member Countries as an agent in the international financial arena whenever collective action is deemed appropriate.

OFID's resources consist of voluntary contributions made by OPEC Member Countries and the accumulated reserves derived from its various operations.

At the close of the year 2015, OFID's total commitments reached $19.2 billion for some 3,500 operations around the world. The largest share of the total (23 per cent) went to the energy sector.

All developing countries, with the exception of OPEC Member States, are in principle eligible for OFID assistance. The least-developed countries, however, are given higher priority and have therefore attracted the greater share of support.

So far, 134 countries worldwide have benefited from OFID's financial assistance.

What others say about OFID ...

For all it has achieved over the past four decades, OFID knows that its success would have been limited if not for the support of its many partners across the development finance community. On its special anniversary, the institution thanked them for their solidarity in the shared fight against poverty. These are some of the messages OFID received in return.

In its four decades of important work, OFID pursued its vision to aspire to a world where sustainable development, centered on human capacity-building, becomes a reality for all, and contributed substantially to fostering South-South Partnership between developing countries to work towards eradicating poverty.

***Dr Heinz Fischer**, Federal President of the Republic of Austria*

It is a great pleasure for me to convey the City of Vienna's sincerest wishes and congratulations on the occasion of the upcoming 40th anniversary of the founding of OFID. Looking at the projects that have been supported by OFID in these past years, both in Austria as well as throughout the world, we can clearly see the importance of OFID among the family of international organizations based in Vienna.

***Michael Häupl**, Mayor and Governor of the City of Vienna*

Having long pioneered energy poverty alleviation, OFID was an early champion of sustainable energy as a thread that connects economic growth, increased social equity and a healthy natural environment that allows the world to thrive. Its Energy for the Poor Initiative is just one indication of its dedication to the sustainable energy agenda.

***Ban Ki-moon**, Secretary-General, United Nations*

On behalf of the World Bank Group, I would like to congratulate OFID on its 40th anniversary. In particular, I commend Suleiman Jasir Al-Herbish's strategic focus on energy poverty, and the institution's efforts to bring sustainable and affordable sources of energy to the poor and vulnerable.

***Jim Yong Kim**, President, World Bank group*

OFID has been a crucial partner in alleviating poverty, enhancing economic growth and underscoring the importance of energy access for sustainable development around the world. The 40th anniversary provides a unique opportunity to recognize OFID's outstanding work and your personal leadership over the last ten years in championing an end to energy poverty and promoting shared prosperity for all.

***Dr Kandeh K Yumkella**, United Nations Under-Secretary-General, Special Representative of the Secretary-General, Sustainable Energy for All, Chief Executive Officer, Sustainable Energy for All Initiative*

The UNHCR and OFID have been partners for 15 years, and during that time the Fund has helped us assist refugees across Africa and Asia — from HIV/AIDS programmes in Central and West Africa, to fighting micronutrient deficiencies among long-staying refugees in Nepal and other countries. We firmly believe that this partnership will continue to make key contributions to refugee protection in the future, and look forward to working with you closely during this anniversary year and beyond.

***Filippo Grandi**, United Nations High Commissioner for Refugees*

Thanks to its strong and enduring support for UNRWA, OFID has been a crucial partner in delivering high-impact assistance to millions of Palestine refugees in the Gaza Strip and the West Bank, including East Jerusalem, Jordan, Lebanon, and Syria. With over $28,000,000 contributed to UNRWA since 2003, OFID has helped sustain countless Palestinian families suffering from the ravages of conflict and poverty.

***Pierre Krähenbühl**, Commissioner-General, United Nations Relief and Works Agency for Palestine Refugees in the Near East*

Over the past three decades, OFID has supported UNESCO in a wide range of actions. All of these projects are characterized by trust, solidarity and the conviction that education is the most powerful transformational force for human dignity and sustainable development.

***Irina Bokova**, Director-General, United Nations Educational, Scientific and Cultural Organization*

IFAD would also like to express its appreciation of OFID for its crucial role in combating poverty over the years. Together, we are helping partner countries achieve food and nutrition security at both national and local levels, with the ultimate goal of seeing a world free of poverty and hunger.

***Dr Kanayo Nwanze**, President, International Fund for Agricultural Development*

The International Atomic Energy Agency (IAEA) is extremely grateful to the OPEC Fund for International Development for the generous support which it has provided to the IAEA in the field of cancer control in developing countries. This support has given countless cancer patients access to effective diagnosis and treatment. The global cancer burden is expected to grow in the coming decades, especially in developing countries. The support and cooperation of OFID will remain indispensable.

***Yukiya Amano**, Director-General, International Atomic Energy Agency*

For the past four decades, the OPEC Fund for International Development has played a critical role in boosting economic growth and prosperity in the world's poorest regions. That is why OFID is such a valuable partner for the IFC. Our work together has supported trade and renewable energy projects in the Middle East, Africa and Latin America, helping businesses to expand and create jobs and addressing the growing demand for power in developing countries.

***Jin-Yong Cai**, Executive Vice President and CEO, International Finance Corporation*

It is my pleasure to join OFID and its many partners worldwide in celebrating 40 years of South-South solidarity today. In the course of these four decades, 134 developing countries worldwide have benefited from OFID's financial assistance through projects that aim to improve the lives of the most vulnerable, with better access to food, energy, clean water, healthcare and education. Throughout our partnership, FAO and OFID have collaborated on projects ranging from improving water management to introducing new technologies to local agriculture.

***José Graziano da Silva**, Director-General, United Nations Food and Agriculture Organization*

On behalf of UNIDO, I would like to extend my warmest congratulations to OFID on its milestone 40th anniversary. There is considerable common ground between our organizations, given UNIDO's mission to eradicate poverty through inclusive and sustainable industrial development, and the overarching objective of OFID to stimulate economic growth and alleviate poverty in all disadvantaged regions of the world. Indeed, OFID's focus on providing financing to build essential infrastructure, strengthening social services delivery, and promoting productivity, competitiveness and trade dovetails with UNIDO's focus on advancing economic competitiveness and creating shared prosperity.

***LI Yong**, Director General, United Nations Industrial Development Organization*

OFID has always been on the list of IsDB's closer allies, jointly striving to support universal progress within the sustainable development spectrum. We attest that OFID's brilliant team of dedicated leadership and workers have always aimed for high results. Working with OFID team has been a real honour and we value each operation we jointly endeavoured.

***Dr Ahmad Mohamed Ali Al Madani**, Chairman, IsDB Group*

I am convinced that during these 40 years of endeavour, OFID has played an important role in promoting sustainable development through its outstanding contribution in fostering the South-South Partnership with the aim of eradicating poverty in developing countries. OFID as a multilateral institution constitutes a key vehicle to deal with the social and economic challenges that developing countries are currently facing. Its contribution to reinforcing financial cooperation during these years has been pivotal.

***Enrique García Rodríguez**, Executive President & CEO, Development Bank of Latin America (CAF)*

Forthcoming events

LNGgc Asia Pacific, March 1–3, 2016, Singapore. Details: IBC Global Conferences, The Bookings Department, Informa UK Ltd, PO Box 406, West Byfleet KT14 6WL UK. Tel: +44 207 017 55 18; fax: +44 207 017 47 15; e-mail: energycustserv@informa.com; website: www.lnggc-asia.com.

Ukrainian energy forum, March 1–3, 2016, Kyiv, Ukraine. Details: Adam Smith Conferences, 6th Floor, 29 Bressenden Place, London SW1E 5DR, UK. Tel: +44 207 017 7444; fax: +44 207 017 7447; e-mail: info@adamsmithconferences.com; website: www.ukrainianenergy.com.

3rd Asian refining summit, March 3–4, 2016, Singapore. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.platts.com/events/asia-pacific/asian-refining-summit/index.

3rd European petrochemicals conference, March 3–4, 2016, Amsterdam, The Netherlands. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.platts.com/events/emea/european-petrochemicals/index.

11th annual Russia offshore summit, March 3–4, 2016, Moscow, Russia. Details: The Exchange Ltd, 5th Floor, 86 Hatton Garden, London EC1N 8QQ, UK. Tel: +44 207 067 1800; fax: +44 207 242 2673; e-mail: marketing@theenergyexchange.co.uk; website: www.russianshelf.com.

2nd annual Gabon oil and gas summit and exhibition, March 8–9, 2016, Libreville, Gabon. Details: The Exchange Ltd, 5th Floor, 86 Hatton Garden, London EC1N 8QQ, UK. Tel: +44 207 067 1800; fax: +44 207 242 2673; e-mail: marketing@theenergyexchange.co.uk; website: http://gabon.theenergyexchange.co.uk.

Gas to liquids Americas, March 9–10, 2016, Houston, TX, USA. Details: SMi Group Ltd, Unit 122, Great Guildford Business Square, 30 Great Guildford Street, London SE1 0HS, UK. Tel: +44 207 827 6000; fax: +44 207 827 6001; e-mail: client_services@smi-online.co.uk; website: www.smi-online.co.uk/energy/northamerica/conference/Gas-to-Liquids-Americas.

Oil and gas telecommunications, March 14–15, 2016, London, UK. Details: SMi Group Ltd, Unit 122, Great Guildford Business Square, 30 Great Guildford Street, London SE1 0HS, UK. Tel: +44 207 827 6000; fax: +44 207 827 6001; e-mail: client_services@smi-online.co.uk; website: www.smi-online.co.uk/energy/uk/conference/oil-gas-telecommunications?utm_source=E-039&utm_medium=2014oilandgas-comms1.asp&utm_campaign=GOTO.

The international LNG congress, March 14–15, 2016, London, UK. Details: BGSgroup LLC, London, UK. Tel: +44 203 76 93 392; fax: +44 203 00 68 822; e-mail: request@bgs-group.eu; website: http://lng-congress.com/?utm_source=MediaPartners&utm_medium=blast&utm_campaign=interfax.

9th Africa energy awards 2016, March 15, 2016, Johannesburg, South Africa. Details: Terrapinn Holdings Ltd, First Floor, Modular Place, Turnberry Office Park, 48 Grosvenor Road, Bryanston 2021, South Africa. Tel: +27 11 516 4000; fax: +27 11 463 6000; e-mail: enquiry.za@terrapinn.com; website: www.terrapinn.com/exhibition/africa-energy-awards/?pk_campaign=Terr-Listing&pk_kwd=Energy+%26+Resources.

6th African petroleum congress and exhibition, March 15–17, 2016. Abuja, Nigeria. Details: AME Trade Ltd – Africa and Middle East Trade Ltd, Unit 409, United House, 39–41 North Rd, London N7 9DP, UK. Tel: +44 207 70 04 949; fax: +44 207 68 13 120; e-mail: cape@ametrade.org; website: http://cape-africa.com.

Global oil and gas Turkey, March 16–17, 2016, Ankara, Turkey. Details: ITE Group plc, Oil and Gas Division, 105 Salusbury Road, London NW6 6RG, UK. Tel: +44 207 596 5233; fax: +44 207 596 5106; e-mail: oil-gas@ite-exhibitions.com; website:www.global-oilgas.com/Turkey/Home.

The China LNG international summit and exhibition, March 17–18, 2016, Beijing, PR of China. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: http://chinalngsummit.com

Crans Montana forum on Africa and South-South cooperation, March 17–20, 2016, Geneva, Switzerland. Details: Crans Montana Forum, Switzerland. Tel: +37 79 77 07 000; fax: +37 79 77 07 040; e-mail: info@cmf.ch; website: www.cmf.ch/events/2016-03-20-2016-crans-montana-forum-africa-south-south-cooperation.

East Siberian oil and gas, March 21–23, 2016, Krasnoyarsk, Russia. Details: Adam Smith Conferences, 6th Floor, 29 Bressenden Place, London SW1E 5DR, UK. Tel: +44 207 017 7444; fax: +44 207 017 7447; e-mail info@adamsmithconferences.com; website: www.eastsib-oil-gas.com.

Oil and gas West Asia (OGWA) international oil and gas exhibition and conference, March 21–23, 2016, Muscat, Oman. Details: Omanexpo, 1st Floor, SABCO Building, Wattayah, Muscat, Oman. Tel: +968 24 66 01 24; fax: +968 24 66 01 25/126; e-mail: info@omanexpo.com; website: www.ogwaexpo.com.

SPE EOR conference at oil and gas West Asia, March 21–23, 2016, Muscat, Oman. Details: Society of Petroleum Engineers, Dubai Knowledge Village, Block 17, Offices S07-S09, PO Box 502217, Dubai, UAE. Tel: +971 4 390 3540; fax: +971 4 366 4648; e-mail: spedub@spe.org; website: www.spe.org/events/ogwa/2016.

OTC Asia 2016, March 22–25, 2016, Kuala Lumpur, Malaysia. Details: Society of Petroleum Engineers, Suite B-11-11, Level 11, Block B, Plaza Mont'Kiara, Jalan Bukit Kiara, Mont'Kiara, 50480 Kuala Lumpur, Malaysia. Tel: +60 36201 2330; fax: +60 36201 3220; e-mail: spekl@spe.org; website: http://2016.otcasia.org/?_ga=1.236763015.725780394.1385559793.

5th East Africa oil and gas summit, March 30–31, 2016, Dar es Salaam, Tanzania. Details: 3rd Floor, Archway House, 1–3 Worship Street, London EC2A 2AB, UK. Tel: +44 207 127 45 01; fax: +44 207 127 45 03; e-mail: info@oliverkinross.com; website: www.eastafricaogs.com.

Power Kyrgyzistan, March 30–April 1, 2016, Bishkek, Kyrgyzistan, Details: ITE Group plc, Oil and Gas Division, 105 Salusbury Road, London NW6 6RG, UK. Tel: +44 207 596 5233; fax: +44 207 596 5106; e-mail: oilgas@ite-exhibitions.com; website: http://power.kg/en.

Head, Energy Studies Department

Within the Research Division, the Energy Studies Department monitors, analyses and forecasts world energy developments in the medium and long term and reports thereon, in particular; provides in-depth studies and reports on medium to long term energy issues; monitors developments and undertakes specific studies on energy demand and production-related technology and assesses implications for OPEC; identifies and follows up key areas of energy-related emerging technologies and research and development (R&D) and facilitates and supports coordinated planning and implementation of collaborative energy related R&D programmes of OPEC Member Countries; identifies prospects for OPEC participation in major international R&D activities; carries out studies and reports on medium to long term developments in the petroleum industry; provides effective tools for and carries out model based studies for analyses and projections of medium and long term energy supply/demand and downstream simulation; elaborates OPEC Long Term Strategy and monitors, analyses and reports on relevant national or regional policies, such as fiscal, energy, trade and environmental, and assesses their impacts on energy markets.

Objective of position:

The Head, Energy Studies Department, is to plan, organize, coordinate, manage and evaluate the work of the Energy Studies Department in accordance with the work programmes and budget of the Department so as to optimize its support to the Secretariat in achieving its overall objectives. The work covers studies and analyses of medium to long-term world energy developments and prospects, in particular, the preparation of OPEC's world oil outlook, studies and analyses concerning world energy supply and demand, upstream to downstream oil industry, technology, alternative energy sources, institutional and fiscal petroleum regimes, as well as energy policies in producing and consuming countries. It also covers studies and analyses of related international issues, in particular in the areas of trade, sustainable development and climate change.

Main responsibilities:

- Plans, organizes, coordinates, manages and evaluates the work in the Energy Studies Department covering: world energy developments in the medium to long-term; oil supply and demand in the medium and long-term; upstream to downstream industry developments; impact of energy policies and environmental regulations on world oil markets; energy-related technologies including alternative sources of energy; impacts of technology developments on the petroleum industry; impact assessment of developments in international issues, such as sustainable development, trade and climate change.
- Ensures adequate development and simulation and modelling capabilities of the Department.
- Ensures full responses to requests by the Conference, BOG, ECB and standing committees for studies and special reports relevant to the work program of the Department.
- Arranges presentations at relevant OPEC meetings and international forums representing the Secretariat as required.
- Develops and maintains networks with external experts and institutions in fields relating to the work of the Department.
- Keeps the Director of Research Division fully informed on all aspects of the work of the Department, and draws his attention to important analyses performed by it.
- Evaluates the performance of the staff of the Department, and recommends to the Director of Research Division, staff development, salary increase, promotion and separations as appropriate.
- Ensures that the staff of the Department receive the supervision and guidance necessary to broaden and deepen their skills and continuously improve their performance.
- Prepares the annual budget for the Department.

Required competencies and qualifications:

Education: Advanced University degree in Economics and/or Engineering. PhD preferred.

Work experience: Advanced university degree: 12 years in the oil industry with a minimum of four years in a managerial position, preferably at large national, regional, or international institutions. PhD: ten years.

Training specializations: Energy studies; international energy related matters; professional management and leadership.

Competencies: Managerial and leadership skills; communication skills; decision making skills; strategic orientation; analytical skills; presentation skills; interpersonal skills; customer service orientation; negotiation skills; initiative; integrity.

Language: English

Status and benefits:

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

The post is at grade B reporting to the Director of Research Division. The compensation package, including expatriate benefits, is commensurate with the level of the post.

Applications:

Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years.

Applicants are requested to fill in a résumé and an application form which can be received from their Country's Governor for OPEC.

In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **March 9, 2016,** quoting the job code: 5.1.01 *(see www.opec.org — Employment).*

Energy Policy Analyst

Within the Research Division, the Energy Studies Department monitors, analyses and forecasts world energy developments in the medium and long term and reports thereon, in particular; provides in-depth studies and reports on medium to long term energy issues; monitors developments and undertakes specific studies on energy demand and production-related technology and assesses implications for OPEC; identifies and follows up key areas of energy-related emerging technologies and research and development (R&D) and facilitates and supports coordinated planning and implementation of collaborative energy related R&D programmes of OPEC Member Countries; identifies prospects for OPEC participation in major international R&D activities; carries out studies and reports on medium to long term developments in the petroleum industry; provides effective tools for and carries out model based studies for analyses and projections of medium and long term energy supply/demand and downstream simulation; elaborates OPEC Long Term Strategy and monitors, analyses and reports on relevant national or regional policies, such as fiscal, energy, trade and environmental, and assesses their impacts on energy markets.

Objective of position:

The Energy Policy Analyst studies, analyses and reports on pertinent energy policies, institutions and regulations in consuming and producing countries and regions, assessing the impact of energy policies on expected oil supply/demand levels for the medium to long term.

Main responsibilities:

- Studies, analyses and reports on major trends in energy policies of major oil consuming and producing countries and regions.
- Carries out studies on the impact of major energy policy developments.
- Analyses the evolution of institutions and regulatory regimes conducive to collective action in the field of energy industries.
- Examines the changing pattern of geopolitics of energy and security of energy supply and demand.
- Contributes to speeches, articles and presentations to internal meetings and various international forums.

Required competencies and qualifications:

Education: University degree in Economics, International Relations or Engineering; Advanced degree preferred.

Work experience: University degree: eight years; advanced university degree: six years.

Training specializations: Economic analysis; energy policy analysis; knowledge of oil market development.

Competencies: Communication skills; analytical skills; presentation skills; interpersonal skills; customer service orientation; initiative; integrity.

Language: English

Status and benefits:

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

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

Applications:

Applicants must be nationals of Member Countries of OPEC and should not be older than 58 years.

Applicants are requested to fill in a résumé and an application form which can be received from their Country's Governor for OPEC.

In order for applications to be considered, they must reach the OPEC Secretariat through the relevant Governor not later than **March 9, 2016,** quoting the job code: 5.5.01 *(see www.opec.org — Employment)*.

Monetary policies come to the fore in oil market analysis

***January* 2016**

Monetary policies have moved to the forefront of economic analysis in the past weeks, according to the OPEC Secretariat in Vienna.

Its *Monthly Oil Market Report (MOMR)* for January said the decision in mid-December 2015 by the United States Federal Reserve to raise interest rates by 0.25 percentage point represented an important shift in the monetary policy landscape.

"This decision represents a positive signal, as it has been taken by the Fed on the basis that US economic growth is healthy," a feature article in the publication said.

It observed that with official median projections by the Fed of interest rates reaching 1.375 per cent in 2016, the Fed's monetary tightening was in stark contrast to the continuing monetary expansion of some central banks in the OECD region, including the European Central Bank (ECB) and the Bank of Japan.

The ECB at the start of December decided to extend its monetary stimulus programme and other central banks had pursued a similar accommodative monetary policy in support of their economies.

The *MOMR* said that divergent money policies could also be seen in the emerging economies, with China and India pursuing loose policies, compared to tightening in Brazil and Russia.

"These recent monetary policy decisions have had an impact, even ahead of the decision in December as the move has been widely anticipated," it maintained.

For the oil market, maintained the report, the impacts could be seen not only on crude prices, but also on oil demand and supply.

"The expectation of rising interest rates in the US in recent months has been a factor behind capital outflows from emerging economies, which have led to a depreciation of their national currencies, inflation pressures and eventually lower industrial activities, particularly in China.

"These have dampened economic growth and slowed the increase in oil consumption. In addition, the expectation of a continued appreciation of the US currency supported a significant rise in value of the US dollar versus other major currencies – even prior to the actual rate increase – which weighed on oil prices."

The *MOMR* noted that other commodities had also been similarly affected, especially industrial metals.

At the same time, the rise in US dollar interest rates had negatively affected US dollar-prone investments in the oil industry, as it had made them costlier, which had limited additional oil supply in expensive and debt-leveraged oil developments.

In the Euro-zone, Japan and China, it stated, monetary stimulus helped support economic growth last year, contributing to an improvement in oil demand growth.

"In India, further accommodative monetary policy, along with a continued economic recovery, also led to better-than-expected oil demand growth in 2015. The appreciation of the US dollar has also had an impact on trade balances," it affirmed.

The *MOMR* said that, on the one hand, exporting countries benefited from the lower value of their currencies relative to the dollar, while on the other they were challenged by the higher costs for imported goods and services.

It pointed out that, for commodity-driven economies, an additional challenge came from budget constraints.

"These can result in the delay or cancellation of a range of industrial projects, thus leading to lower growth in oil consumption.

"If the financial industry is able to channel the global liquidity made available by ongoing monetary stimulus programmes into the real economy of various countries, this should lead to a broader improvement in the world economic outlook.

"This in turn would result in an improving world oil supply-demand balance over the medium-term," the report concluded.

MOMR ... oil market highlights

January 2016

The **OPEC Reference Basket** lost $6.86/barrel in December to average $33.64/b. Persistent oversupply coupled with increasing signs of a slowing pace of growth in the Chinese economy exerted pressure on the oil market. ICE Brent was down $7.03 at $38.90/b, while Nymex WTI fell by $5.60 to $37.33/b. The Brent-WTI spread narrowed significantly to $1.58/b from $3/b in the previous month.

World economic growth for 2015 has been revised down to 3.0 per cent from 3.1 per cent, while the forecast for 2016 remains unchanged at 3.4 per cent. The growth risk is seen skewed to the downside as both emerging and some OECD economies are facing several challenges. OECD growth remains unchanged at 2.0 per cent and 2.1 per cent for 2015 and 2016, respectively. Also, growth in China remains at 6.8 per cent and 6.4 per cent, while India's growth numbers remain at 7.3 per cent and 7.6 per cent, respectively.

World oil demand is estimated to have increased by 1.54 million barrels/day in 2015 to average 92.92m b/d. This represents a minor 10,000 b/d upward adjustment, mainly reflecting an uptick in oil requirements in OECD Europe and Other Asia in the third quarter of 2015. In 2016, oil demand growth is expected to be around 1.26m b/d, marginally higher than in the previous report, to average 94.17m b/d.

Non-OPEC oil supply growth in 2015 now stands at 1.23m b/d, following an upward revision of 230,000 b/d. The increase has been due to better-than-expected growth in the United States, Canada, Russia and Norway. In 2016, non-OPEC oil supply is now projected to contract by 660,000 b/d, following a downward adjustment of 270,000 b/d. The revision has been due to stronger declines expected in the US and Canada caused by the lower price environment. Output of OPEC NGLs is seen growing by 170,000 b/d in 2016, following an increase of 150,000 b/d last year. In December, OPEC crude production decreased by 210,000 b/d to average 32.18m b/d, according to secondary sources.

Product markets in the Atlantic Basin weakened in December. The mild winter weather caused a sharp drop in middle distillate crack spreads, which hit levels not seen since 2009, outweighing unseasonably strong gasoline demand. Asian margins remained relatively healthy on the back of stronger naphtha and gasoline demand.

Freight rates for dirty vessels saw mixed movements in December. On average, VLCC freight rates increased by 30 per cent as a result of enhanced rates for tankers operating on all reported routes. In contrast, Suezmax and Aframax rates showed declines on limited activities. Clean tanker spot freight rates were kept mostly at healthy levels compared to the previous month, despite being lower on an annual basis.

OECD commercial oil stocks fell in November to stand at 2,966m b. At this level, inventories stood around 267m b higher than the five-year average. Crude and products showed surpluses of around 200m b and 67m b, respectively. In terms of forward cover, OECD commercial stocks stood at 63.7 days in November, some 5.8 days over the five-year average.

Demand for OPEC crude in 2015 is estimated at 29.9m b/d, an increase of 200,000 b/d over the 2014 level. In 2016, demand for OPEC crude is forecast at 31.6m b/d, some 1.7m b/d higher than in the previous year.

The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for January 2016. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage. The additional graphs and tables on the following pages reflect the latest data on OPEC Reference Basket and crude and oil product prices in general.

Global oil demand lower in 2016, but still robust

***February* 2016**

Global oil demand is anticipated to grow by around 1.3 million barrels/day, below last year's growth, but still broadly robust, according to the OPEC Secretariat in Vienna, Austria.

Its Monthly Oil Market Report *(MOMR)* for February stated that oil demand in OECD countries is projected to grow by 200,000 b/d this year, with the United States leading the growth, while the Asia-Pacific region is seen declining and Europe is expected to be broadly flat compared to the previous year.

"Positive projected growth in the US economy and continued healthy growth in the road transportation sector are seen outweighing downside assumptions for overall US oil demand, mainly linked to fuel substitution and vehicle efficiencies," the report's feature article said.

The *MOMR* said that in OECD Europe the strong demand growth seen in 2015 is not expected to be repeated this year.

"Significant economic uncertainties, along with ongoing efficiencies and fuel substitution in the road transportation sector, are expected to weigh on oil consumption in the region."

However, it said this could be offset by expanding demand in major economies – particularly Germany and the United Kingdom – due to the low oil price environment, despite high end-user taxes.

In the OECD Asia-Pacific, oil demand assumptions for Japan in 2016 are less promising compared to the previous year, mainly as a result of projected slower economic growth and expectations that more than a handful of nuclear plants will restart operation.

The *MOMR* forecast that in the non-OECD region, oil demand growth in 2016 is expected to be around 1.1m b/d, even with slightly lower growth from China.

"The outlook for China, with GDP growth lower than in 2015, is based on the assumption that transportation and industrial fuels lead the product mix in 2016, despite continued fuel quality programmes targeting lower emissions in the transportation sector."

The report said oil demand growth is projected to be steady in Other Asia, led by India with growth of around 170,000 b/d on top of already strong growth of 210,000 b/d in the previous year.

"The impact of subsidy reductions in the Middle East and the economic performance of Latin America will influence oil demand growth in these regions," the report maintained.

However, it observed that the weaker performance in the economies in both regions and the impact of subsidy reductions could influence oil demand growth.

In terms of non-OECD oil product demand, middle distillates are projected to grow the most, followed by transportation fuels, mainly during the summer Olympic Games in Brazil.

However, the *MOMR* said the projected growth in transportation fuels is expected to be less than last year, especially in the case of India, with diesel consumption impacted negatively by a temporary government ban limiting the use of diesel vehicles with large engines in big cities.

Crude oil for direct use and petrochemical feedstocks are projected to contribute positively to product demand growth.

"Any better-than-expected performance of global economic growth, improvement in industrial activities and a return to normal weather patterns could further support higher oil demand growth in the current year," it affirmed.

Looking back, the *MOMR* said 2015 had been exceptional for oil demand. Oil consumption reached above 1.5m b/d, the second-highest level of growth in the past ten years, with 2010 being the highest.

"In contrast to 2014, both the OECD and non-OECD contributed to this increment, growing by around 400,000 b/d and 1.1m b/d, respectively. This growth was propelled by lower oil prices encouraging transportation fuel demand in addition to solid gains in the petrochemical sector in China, US and the Asia-Pacific," it added.

MOMR ... oil market highlights

February 2016

The **OPEC Reference Basket** (ORB) declined by around 21 per cent to average $26.50/barrel in January. Ongoing excess supply, the weakening Chinese economy and lower seasonal heating demand continued to weigh on the market. Crude oil futures prices also declined significantly, with ICE Brent down $6.98 to average $31.93/b and Nymex WTI losing $5.67 to average $31.66/b. The Brent-WTI spread narrowed to just 15¢/b.

World economic growth has been revised down to 2.9 per cent for 2015 and 3.2 per cent for 2016. OECD growth in 2016 has been revised lower to 2.0 per cent, the same pace as in the previous year. In the emerging economies, China's growth in 2016 has been revised down slightly to 6.3 per cent, while India's growth has been revised lower to 7.5 per cent. Meanwhile, increasing difficulties in both Brazil and Russia are seen pushing both economies into recession for the second consecutive year.

World oil demand growth in 2015 is expected to increase by 1.54 million b/d, unchanged from the previous report, to average 92.96m b/d. In 2016, world oil demand is expected to grow by 1.25m b/d, representing a marginal lower adjustment of around 10,000 b/d from the previous forecast, to average 94.21m b/d. Non-OECD countries will continue to contribute the bulk of oil demand growth this year.

Non-OPEC oil supply growth in 2015 has been revised up by around 90,000 b/d to 1.32m b/d, mostly driven by higher-than-expected fourth quarter data. In 2016, non-OPEC oil supply is projected to decline by 700,000 b/d, following a downward revision of around 40,000 b/d, mainly due to announced capex cuts by international oil companies, the fall in active drilling rigs in the US and Canada, and a heavy annual decline in older fields. OPEC NGL production is expected to grow by 170,000 b/d in 2016, up from 150,000 b/d last year. In January, OPEC crude production increased by around 131,000 b/d to average 32.33m b/d, according to secondary sources.

US refinery margins remained weak, weighed down by the poor performance of the middle distillate market, despite a temporary boost in heating fuel demand from snow storms on the US East Coast. In Europe and Asia, refinery margins edged higher on the recovery seen at the bottom of the barrel due to stronger regional demand.

Dirty **tanker freight rates** rose on average in January, supported by higher Suezmax rates on the back of strong tonnage demand and delays in the Turkish straits. Both VLCC and Aframax rates, however, saw declines. In the clean tanker market, freight rates showed significant gains over the previous month, both East and West of Suez, on the back of steady demand.

OECD commercial oil stocks fell in December 2015 to stand at 2,974m b. At this level, inventories were around 310m b higher than the latest five-year average. Crude and products showed surpluses of about 249m b and 61m b, respectively. In terms of forward cover, OECD commercial stocks stood at 63.7 days in December, unchanged from the previous month and some 6.1 days higher than the latest five-year average.

Demand for **OPEC crude** in 2015 is estimated to have averaged 29.8m b/d, representing an increase of 100,000 b/d over the previous year and lower by 100,000 b/d compared to the previous report. The global oversupply for 2015 is estimated at 2.0m b/d. In 2016, demand for OPEC crude is expected at 31.6m b/d, a gain of 1.8m b/d, higher than last year.

The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for February 2016. Published by the Secretariat's Petroleum Studies Department, the publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage. The additional graphs and tables on the following pages reflect the latest data on OPEC Reference Basket and crude and oil product prices in general.

Table 1: OPEC Reference Basket spot crude prices

$/b

Crude/Member Country	2015 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016 Jan	Weeks 1–5/2016 (week ending) Jan 1	Jan 8	Jan 15	Jan 22	Jan 29
Arab Light – Saudi Arabia	44.47	53.78	52.20	57.73	62.62	60.94	54.95	46.52	45.56	45.37	40.64	33.70	26.35	31.49	29.73	25.66	23.46	26.57
Basrah Light – Iraq	42.58	51.82	50.53	55.61	60.40	58.63	53.10	44.32	43.41	43.50	38.70	32.06	24.73	29.96	28.16	23.82	21.84	25.10
Bonny Light – Nigeria	48.51	58.46	56.75	60.65	65.31	62.19	56.77	47.07	48.01	49.16	44.81	38.16	30.40	36.52	33.96	28.67	27.53	31.44
Es Sider – Libya	46.76	56.83	54.78	58.40	63.22	60.79	55.54	45.82	46.71	47.56	43.30	37.16	29.75	35.52	33.31	28.02	26.88	30.79
Girassol – Angola	47.98	58.27	56.86	61.12	65.51	63.28	56.46	47.42	48.01	48.45	44.74	37.88	29.95	35.95	33.41	28.12	27.04	31.25
Iran Heavy – IR Iran	42.84	53.26	51.27	56.26	61.38	59.86	54.86	46.25	44.62	44.55	38.92	31.73	24.07	29.25	27.34	23.49	21.21	24.24
Kuwait Export – Kuwait	42.31	52.25	50.52	55.96	60.92	59.29	53.85	45.28	43.96	43.61	38.39	31.49	23.92	29.18	27.26	23.29	21.03	24.09
Marine – Qatar	45.51	55.38	54.27	58.51	63.26	61.79	55.36	46.98	45.88	45.89	41.66	34.36	26.95	31.52	30.06	26.49	23.95	27.29
Merey – Venezuela	37.96	48.41	45.79	49.49	55.09	51.74	44.43	35.26	34.13	35.48	31.87	24.42	20.80	22.64	23.08	20.18	18.66	21.27
Minas – Indonesia*													30.80	32.00	33.34	29.81	28.82	31.22
Murban – UAE	48.41	58.56	57.41	61.66	66.18	64.59	57.58	48.83	48.88	49.48	45.99	39.19	31.57	36.44	34.90	31.04	28.45	31.91
Oriente – Ecuador	42.26	47.00	45.79	52.73	58.04	56.71	47.78	39.75	41.03	39.91	36.40	32.18	24.03	31.45	27.79	23.15	20.93	24.25
Saharan Blend – Algeria	47.91	58.18	56.93	59.75	64.12	61.69	56.34	47.17	48.36	49.51	45.30	38.59	31.28	36.95	34.84	29.55	28.41	32.32
OPEC Reference Basket	**44.38**	**54.06**	**52.46**	**57.30**	**62.16**	**60.21**	**54.19**	**45.46**	**44.83**	**45.02**	**40.50**	**33.64**	**26.50**	**31.49**	**29.81**	**25.65**	**23.66**	**26.90**

Table 2: Selected spot crude prices

$/b

Crude/Member Country	2015 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016 Jan	Weeks 1–5/2016 (week ending) Jan 1	Jan 8	Jan 15	Jan 22	Jan 29
Arab Heavy – Saudi Arabia	40.25	51.07	49.34	54.26	59.42	58.01	53.55	44.82	43.37	43.01	37.00	30.15	22.50	27.62	25.76	21.97	19.64	22.62
Brega – Libya	47.71	57.73	55.68	59.20	63.97	61.24	56.04	46.32	47.25	48.21	44.02	37.91	30.60	36.27	34.16	28.87	27.73	31.64
Brent – North Sea	47.86	58.13	55.93	59.50	64.32	61.69	56.54	46.72	47.61	48.56	44.30	38.16	30.75	36.52	34.31	29.02	27.88	31.79
Dubai – UAE	45.57	55.85	54.66	58.55	63.54	61.76	56.15	47.87	45.38	45.84	41.79	34.59	26.81	32.08	30.18	26.41	23.80	26.86
Ekofisk – North Sea	48.48	59.22	57.18	60.51	64.86	62.21	57.02	47.53	48.24	49.23	45.10	38.91	30.50	37.01	34.80	29.40	28.82	32.79
Iran Light – IR Iran	47.42	55.97	54.79	59.34	63.97	62.28	55.76	45.74	46.16	47.05	43.17	35.98	28.34	33.77	31.93	26.42	25.60	29.43
Isthmus – Mexico	45.52	52.68	51.41	59.10	63.78	63.48	55.62	46.56	47.71	46.90	43.29	37.68	30.03	37.05	33.32	29.10	27.33	30.36
Oman – Oman	46.61	56.58	55.12	58.66	63.60	61.77	56.23	47.87	45.65	46.07	42.10	34.61	27.48	32.06	30.63	26.82	24.78	27.67
Suez Mix – Egypt	44.07	54.70	52.05	57.07	61.32	59.36	53.00	43.30	44.53	44.65	40.07	34.07	27.45	32.17	31.14	25.63	24.61	28.44
Urals – Russia	47.03	57.81	55.07	59.70	64.33	62.52	55.84	46.22	47.19	47.49	43.05	36.97	29.15	34.85	32.84	27.33	26.31	30.14
WTI – North America	47.29	50.76	47.77	54.43	59.28	59.81	51.17	42.77	45.48	46.26	42.67	37.23	31.46	37.11	34.63	30.59	28.77	31.87

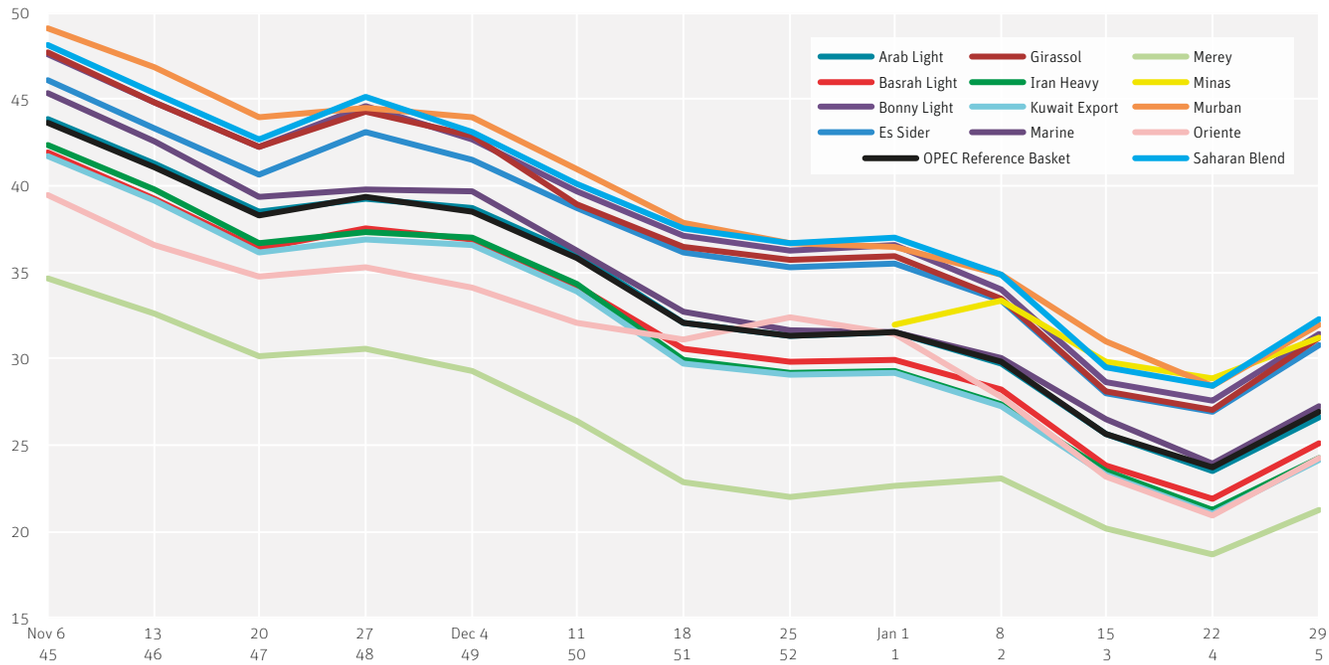
Note: As per the decision of the 109th ECB (held in February 2008), the OPEC Reference Basket (ORB) has been recalculated including the Ecuadorian crude Oriente retroactive as of October 19, 2007. As per the decision of the 108th ECB, the ORB has been recalculated including the Angolan crude Girassol,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

** Indonesia suspended its OPEC Membership on December 31, 2008, but this was reactivated from January 1, 2016.*

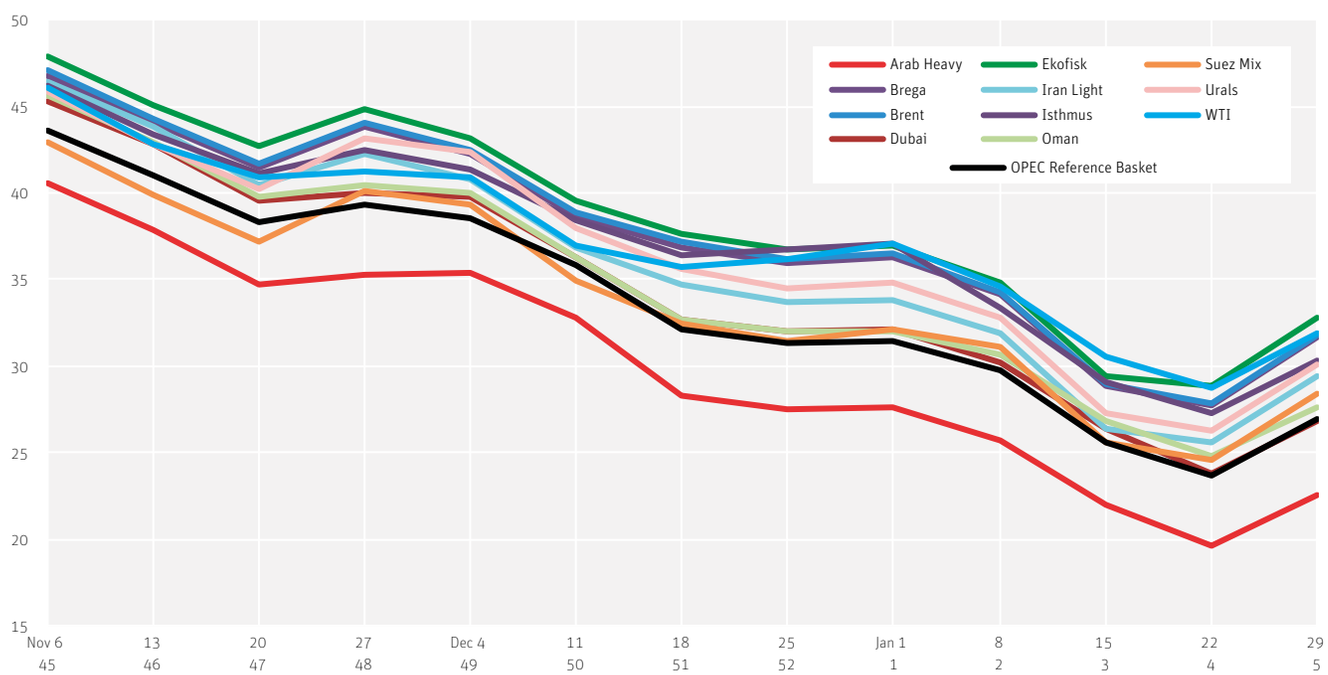
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.

Sources: The netback values for TJL price calculations are taken from RVM; Platt's; as of January 1, 2016, Argus; Secretariat's assessments.

Graph 1: Evolution of the OPEC Reference Basket spot crude prices, 2015–16 $/b



Graph 2: Evolution of selected spot crude prices, 2015–16 $/b



Note: As per the decision of the 109th ECB (held in February 2008), the OPEC Reference Basket (ORB) has been recalculated including the Ecuadorian crude Oriente retroactive as of October 19, 2007. As per the decision of the 108th ECB, the basket has been recalculated including the Angolan crude Girassol, retroactive January 2007. As of January 2006, monthly averages are based on daily quotations (as approved by the 105th Meeting of the Economic Commission Board). As of June 16, 2005 (ie 3W June), the ORB has been calculated according to the new methodology as agreed by the 136th (Extraordinary) Meeting of the Conference. As of January 2009, the ORB excludes Minas (Indonesia).
Indonesia suspended its OPEC Membership on December 31, 2008, but this was reactivated from January 1, 2016.

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
2015	January	43.66	61.80	63.24	66.67	37.20	37.79
	February	55.35	73.71	75.02	75.70	47.05	47.79
	March	55.65	77.62	71.77	71.93	45.35	46.07
	April	57.96	82.31	74.21	73.97	49.20	49.64
	May	60.76	87.70	79.16	78.67	52.57	53.41
	June	59.34	93.68	76.37	76.99	50.32	51.12
	July	52.04	90.50	68.59	68.18	44.59	45.30
	August	44.38	77.52	60.66	60.18	35.24	35.80
	September	45.30	70.72	61.41	61.35	33.88	34.41
	October	47.36	66.73	59.23	59.68	33.89	34.43
	November	46.13	65.27	57.06	56.78	30.20	30.68
	December	42.67	58.79	45.68	47.54	22.40	22.59
2016	January	35.13	53.41	38.11	39.21	19.85	15.08

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

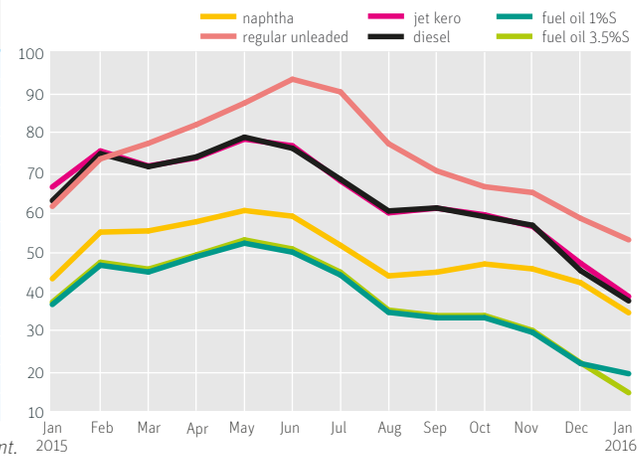


Table and Graph 4: South European market — spot cargoes, fob Italy

$/b

		naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2015	January	39.92	56.54	64.39	39.43	38.01
	February	52.53	68.31	76.34	49.07	46.78
	March	52.55	73.37	73.42	47.87	46.03
	April	54.42	78.27	75.84	51.02	49.58
	May	58.37	82.87	80.99	54.19	52.79
	June	56.05	86.19	78.19	51.87	51.46
	July	48.48	83.94	70.34	45.57	44.77
	August	42.33	70.26	62.21	36.31	35.76
	September	43.00	63.02	63.34	34.49	34.26
	October	45.25	58.98	61.26	36.20	34.97
	November	44.06	58.77	57.28	32.83	30.02
	December	40.29	51.81	46.40	25.88	22.20
2016	January	33.42	47.01	39.48	21.22	18.35

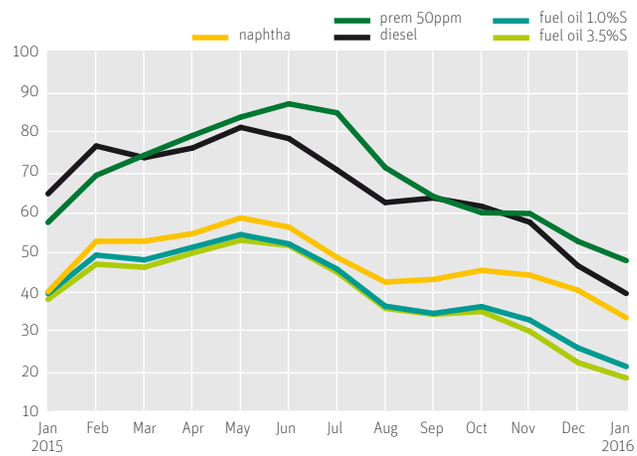


Table and Graph 5: US East Coast market — spot cargoes, New York

$/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
2015	January	57.53	67.86	67.73	57.16	40.21
	February	67.86	78.66	77.29	66.91	50.22
	March	69.59	68.35	72.79	60.93	46.45
	April	75.99	72.65	74.67	61.66	49.04
	May	82.00	76.98	80.00	61.89	53.03
	June	84.60	74.07	75.76	59.69	51.51
	July	78.66	64.91	67.53	52.31	44.07
	August	68.26	58.40	60.76	44.45	36.44
	September	61.40	59.78	61.60	43.40	35.77
	October	58.62	58.73	60.94	46.36	35.64
	November	58.51	55.08	59.07	45.01	33.12
	December	53.68	43.89	49.31	35.65	24.09
2016	January	46.88	39.14	40.13	32.01	20.16

* *FOB barge spot prices.*

Source: Platts. As of January 1, 2016, Argus. Prices are average of available days.

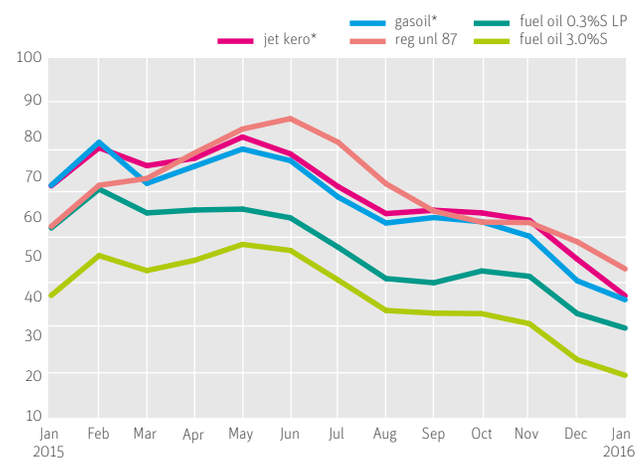


Table and Graph 6: Singapore market – spot cargoes, fob

$/b

		naphtha	premium gasoline unl 95	premium gasoline unl 92	gasoil	jet kero	fuel oil 180 Cst	fuel oil 380 Cst
2015	January	45.23	57.42	54.66	62.67	63.66	43.99	42.59
	February	57.39	70.46	67.06	71.14	73.25	54.93	52.24
	March	57.38	73.84	70.34	70.75	70.01	51.54	49.42
	April	59.56	75.55	73.07	72.37	72.08	54.82	52.45
	May	62.04	83.73	81.10	78.02	77.69	61.28	58.22
	June	60.89	83.97	81.02	74.73	74.56	57.08	55.73
	July	53.15	75.95	72.52	65.07	65.81	48.71	47.49
	August	45.76	66.00	61.95	57.12	57.08	39.04	37.36
	September	46.81	65.24	61.59	59.48	58.99	37.37	36.58
	October	48.92	63.39	60.55	59.13	59.28	38.32	36.99
	November	48.95	59.10	56.42	57.46	57.46	36.11	34.98
	December	45.69	55.63	52.83	46.86	47.70	28.20	27.15
2016	January	36.78	50.33	47.04	36.16	37.93	26.77	22.77

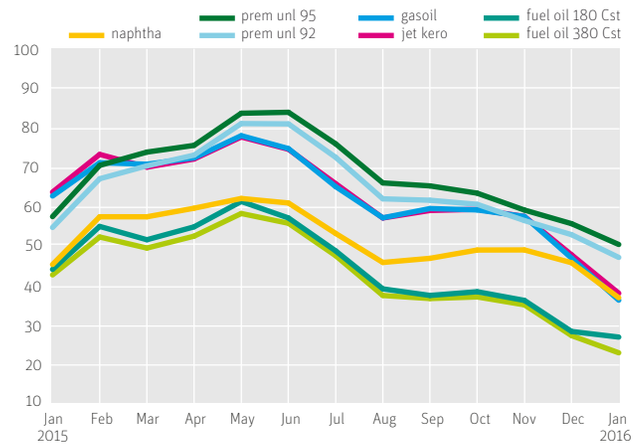
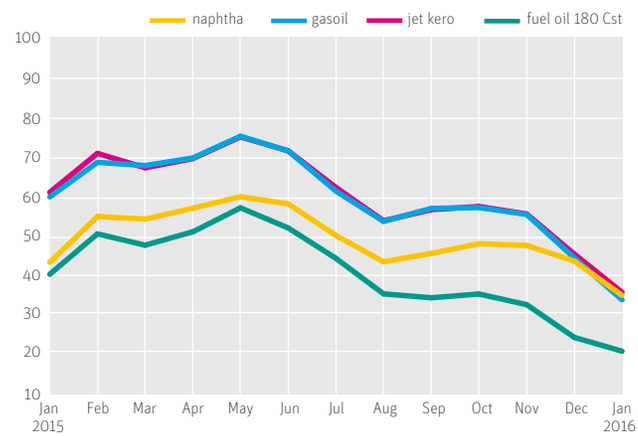


Table and Graph 7: Middle East Gulf market – spot cargoes, fob

$/b

		naphtha	gasoil	jet kero	fuel oil 180 Cst
2015	January	43.32	59.82	60.98	40.28
	February	54.88	68.55	70.81	50.49
	March	54.22	67.74	67.18	47.63
	April	56.96	69.66	69.51	51.01
	May	59.89	75.15	74.98	57.06
	June	58.06	71.44	71.45	51.98
	July	50.09	61.29	62.23	44.31
	August	43.45	53.64	53.79	35.34
	September	45.55	56.93	56.60	34.36
	October	48.00	57.13	57.40	35.30
	November	47.58	55.40	55.51	32.63
	December	43.62	44.42	45.39	24.35
2016	January	34.96	33.85	35.75	20.87

Source: Platts. As of January 1, 2016, Argus. Prices are average of available days.



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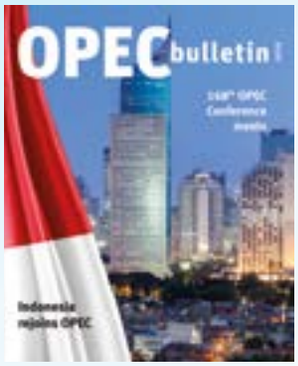

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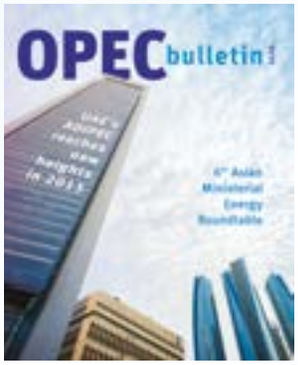

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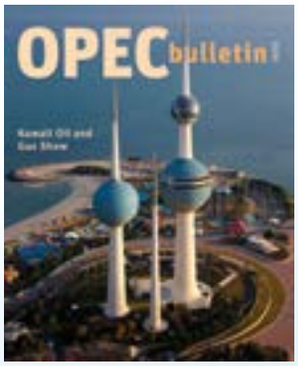

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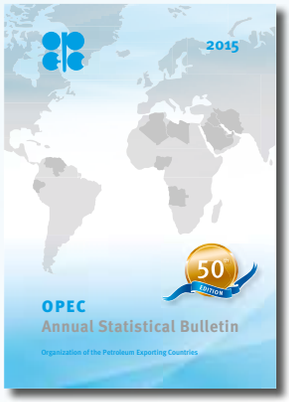

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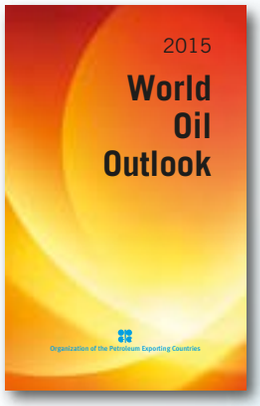

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