OPEC bulletin

4–5/21

15th and 16th OPEC-non-OPEC Ministerial Meetings

60 YEARS

OPEC

Monthly Oil Market Report

Download
the OPEC MOMR App free of charge!

- **Essential information on the oil market**
- **100+ interactive articles and tables detailing crude price movements, oil futures, prices and much more**
- **Analysis of the world economy, world oil supply and demand**
- **Compare data interactively and maximize information extraction**

Not quite there yet

In recent days, the oil market has been experiencing a two-faceted reality. One reality sees a hopeful and even bullish outlook for economic recovery in the second half of 2021, which would help restore oil demand growth and accelerate the market rebalancing process.

On the other hand, the more unpleasant reality is the ongoing saga of the seemingly unrelenting global pandemic, which continues to rear its ugly head and ravage several regions of the world through a resurgence in infections. The complex nature of this dynamic is due to the fact that these two realities are inextricably linked to one-another, and the outcome of one will, by default, impact the other.

This latest wave of COVID-19 has been especially devastating to India, which is experiencing a record-breaking rise in infections and loss of life. As of this writing, the country was struggling to deal with record surges in daily infections, which reached more than 386,000 cases at the end of April, and a staggering daily death toll of over 3,500. Health systems are overwhelmed with the influx of patients and a lack of adequate medical supplies, equipment, infrastructure and personnel. World Health Organization Director General, Tedros Adhanom Ghebreyesus, has characterized the situation as "beyond heartbreaking", and has pledge to dispatch extra staff and medical equipment to help ease the situation. Other world leaders have also pledged to offer aid in the form of supplies, medical personnel and vaccines.

Until this tragic humanitarian situation is brought under control, any sort of holistic global economic recovery will be muted. The fact is that India is the second-most populous country in the world and the third-largest oil importer. Until this latest bump in the road, India was expected to contribute roughly ten per cent of all demand growth this year, and thus any ripple in its progress clearly impacts the global recovery dynamic.

This challenging scenario is balanced, however, with a brightening picture in the OECD countries, due in no small part to the wide and effective rollout of vaccination programmes, a vast influx of government economic stimulus and a slow but steady return to normal life.

The United States, for example, has been at the forefront of global vaccination efforts. In US President Joseph Biden's address to the US Congress on April 28, he announced that 52 per cent of US adults had received at least one COVID-19 shot, and that more than 200 million inoculations had been administered in his first 100 days in office. "Now, after just 100 days, I can report to the nation: America is on the move again," the President declared. "Turning peril into possibility. Crisis into opportunity. Setback into strength."

This and other success stories in the battle against COVID-19 will mean more cars on the roads, more planes in the sky and a boost in industrial activity, all of which will help drive a return to oil demand growth. Another bullish factor is the imminent summer driving season, which will no doubt increase the demand for gasoline through the summer months.

Meanwhile, OPEC and its non-OPEC partners of the 'Declaration of Cooperation' continue to be highly effective in their joint efforts to provide a stable foundation for recovery and growth. After helping lift the industry out of the ashes of destruction last year, they continue to champion a measured approach, as always, balancing the needs of producers, consumers and the global economy.

"We can take comfort in knowing that our leadership has helped turn the tide," OPEC Secretary General, Mohammad Sanusi Barkindo, said during the 16th OPEC-non-OPEC Ministerial Meeting (ONOMM) conference call on April 27. "But at the same time, the persistence of COVID-19 reminds us that this no time to stray from the cautious and steadfast approach we have taken over the past year."

This measured and vigilant approach to the market rebalancing process was echoed by HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy and Chairman of the ONOMM, during the 15th ONOMM.

"Steering the ship in these current conditions where different scenarios are playing out in various regions of the world requires a steady hand on the tiller as I said back in February. It also requires flexibility and being responsive to market needs," he said. "Our agreement back in December 2020 provided us with a flexible mechanism to hold monthly meetings starting from January 2021 and to decide on whether to adjust output, be it increase, maintain, or decrease production depending on market conditions. Continuing with this flexible approach will serve us best."

Contents

OPEC bulletin

Cover

This month's cover reflects the 15th and 16th OPEC-non-OPEC Ministerial Meetings (see page 4).

Vol LII, No 3, April–May 2021, ISSN 0474–6279

Publishers

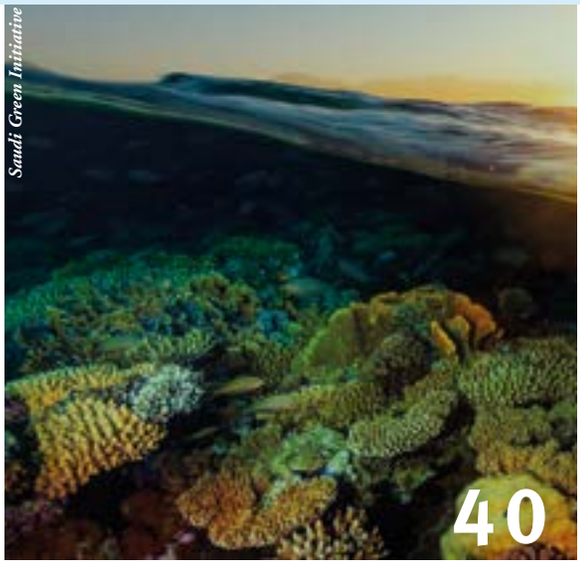
OPEC
Organization of the Petroleum Exporting Countries
Helferstorferstraße 17
1010 Vienna
Austria
Telephone: +43 1 211 12/0
Telefax: +43 1 216 4320
Contact: Editor-in-Chief, OPEC Bulletin
Fax: +43 1 211 12/5081
E-mail: prid@opec.org
Website: www.opec.org

Website: www.opec.org

Visit the OPEC website for the latest news and information about the Organization, and for back issues of the *OPEC Bulletin,* which are available free of charge in PDF format.

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 13 Members: Libya joined in 1962; United Arab Emirates (Abu Dhabi, 1967); Algeria (1969); Nigeria (1971); Angola (2007); Equatorial Guinea (2017). Ecuador joined OPEC in 1973, suspended its Membership in 1992, rejoined in 2007, and suspended its Membership again on December 31, 2019. Qatar joined in 1961 and left on December 31, 2018. Indonesia joined in 1962, suspended its Membership on December 31, 2008, reactivated it on January 1, 2016, but suspended its Membership again on December 31, 2016. Gabon joined in 1975 and left in 1995; it reactivated its Membership on July 1, 2016. The Republic of the Congo joined the Organization on June 22, 2018.



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

Editorial policy
The *OPEC Bulletin* is published by the OPEC Secretariat (Public Relations and Information Department). The contents do not necessarily reflect the official views of OPEC or its Member Countries. Names and boundaries on any maps should not be regarded as authoritative. The OPEC Secretariat shall not be held liable for any losses or damages as a result of reliance on and/or use of the information contained in the *OPEC Bulletin*. Editorial material may be freely reproduced (unless copyrighted), crediting the *OPEC Bulletin* as the source. A copy to the Editor would be appreciated.

Editorial staff
Chairman of the Editorial Board
Mohammad Sanusi Barkindo, Secretary General
Editor-in-Chief
Hasan Hafidh, Head, PR & Information Department
Editor
Scott Laury
Associate Editors
James Griffin, Maureen MacNeill,
Mathew Quinn, Timothy Spence
Contributors
Ayman Almusallam
Production
Diana Lavnick
Design and layout
Carola Bayer, Tara Starnegg
Photographs (unless otherwise credited)
Herwig Steiner, Wolfgang Hammer
Distribution
Mahid Al-Saigh

Indexed and abstracted in PAIS International

Printed in Austria

Cautious optimism prevails at 15th ONOMM

HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy and Chairman of the 15th OPEC and non-OPEC Ministerial Meeting (ONOMM).

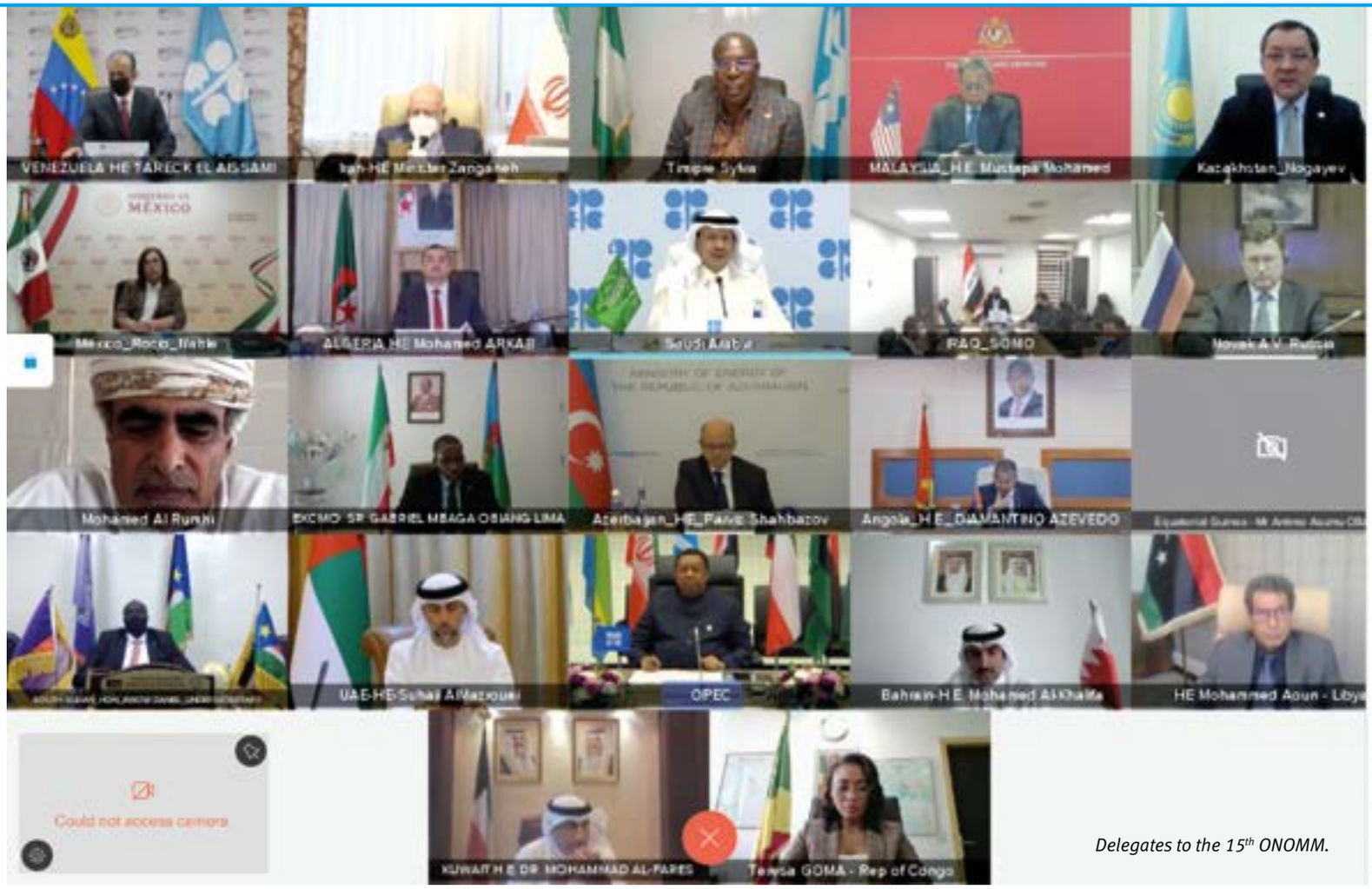
Meeting nearly a year after agreeing to historic measures to help stabilize the global oil market, Ministers take steps to ease adjustments while keeping a watchful eye on fundamentals. The* OPEC Bulletin *reports.

OPEC and the non-OPEC participants in the 'Declaration of Cooperation' (DoC) agreed to ease their production adjustments gradually over three months amid hopes of improving market conditions.

The 15th OPEC-non-OPEC Ministerial Meeting (ONOMM) took place virtually on April 1, under the Chairmanship of HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy, and Co-Chair Alexander Novak, Deputy Prime Minister of the Russian Federation.

The cautiously optimistic atmosphere of the meeting marked a sharp turnaround from April 2020, when oil demand plunged by more than 20 million barrels per day (m b/d), and US benchmark West Texas Intermediate (WTI) briefly tumbled to negative $37/barrel.

The Ministers took the forward-looking step of gradually reducing the production adjustments for May, June



Delegates to the 15th ONOMM.

and July, with each monthly increment being no more than 500,000 b/d.

The Ministers noted, with gratitude, the value of Saudi Arabia's decision to maintain its additional voluntary adjustments of 1m b/d in April to provide addition support to the market. Saudi Arabia plans to return the oil to the market incrementally in May, June and July.

Beyond the business of the day, much attention focused on the first anniversary of the DoC's historic response to the market upheaval last year as the COVID-19 pandemic forced governments to impose harsh lockdowns that paralysed the global economy.

The Ministers pointed to the positive contributions of the DoC participating producers in supporting a rebalancing of the global oil market since the groundbreaking 10th (Extraordinary) ONOMM on April 12, 2020. During the meeting, it was agreed to adjust downwards overall crude oil production over a two-year period, starting with an unprecedented 9.7m b/d, or around ten per cent of pre-pandemic global demand levels.

The adjustments fell to 7.7m b/d beginning in August and to 7.2m b/d starting in January 2021.

Recalling the historic decisions of April 2020, Mohammad Sanusi Barkindo, OPEC Secretary General, said, "It was a visceral time for us all, but it was also broken by the historic production adjustments from the group of producers I see before me on the screen today.

"It has proven to be a prescient decision. The DoC and the steadfastness to conformity and compensation from participants has been central to the recovery of the industry that is such a vital cog in oiling the global economy. We need to continue on this path, be guided by the data and analysis, review the outlook on a regular basis and take things one step at a time. The cautious and careful approach has proven effective thus far," he said.

'In the eye of the storm'

The Chairman also referred to the trials of the previous year and the crucial support provided to the market by the DoC.

Dr Diamantino Pedro Azevedo, Angola's Minister of Mineral Resources and Petroleum and President of the OPEC Conference.

"A few months back, we found ourselves in the eye of the storm. The sea conditions have improved and through our efforts we have steadied the ship," he said.

"For the most part, the market is on stable footing and stocks continue to draw down. In some parts of the world such as the US and the UK, the rollout of vaccines has been very effective. Stimulus measures are providing much-needed support to revive the global economy. Even in those sectors that were badly hit such as airline travel, there are signs of meaningful improvement."

He urged caution, however, noting that "the waves are still tall and the sea remains rough."

An inclusive recovery

Dr Diamantino Pedro Azevedo, Angola's Minister of Mineral Resources and Petroleum and current President of the OPEC Conference, also pointed to the historic events of 2020 and the determined action of the DoC producers.

"Today, the outlook for the oil industry is much more positive, thanks largely to our resolute efforts to stabilize the global oil market, restore its potential, and provide a platform for recovery.

"We continue to see progress on COVID-19 vaccinations, which are injecting hope for the future and energizing the global economy. Of course, the way forward needs to be inclusive: developing and emerging countries must not be left behind on the road to renewal and recovery."

The Conference President added: "I sincerely hope we never again experience the oil market turmoil we witnessed in the first months of the pandemic. Speaking from an African perspective, our oil-producing countries need sustained market stability to enable the industry to grow, and to support the resilience of African economies."

New lockdowns in Europe

Despite the cautious optimism about the market and hopes for a broader global economic rebound in 2021, the 15th ONOMM took place against a backdrop of rising COVID-19 infections and a fresh wave of lockdowns. It was the seventh ministerial meeting held online in a year, a reflection of the impact that the pandemic continues to have on travel and on traditional ways of doing business.

The meeting took place on a day when the total number of infections globally topped 127.6 million with nearly 2.8m lives lost. A year earlier, the comparable figures were 900,000 total cases and 44,000 deaths.

The meeting also coincided with stringent new lockdown measures in Vienna and nearby regions as a surge

Alexander Novak, Co-Chair of the meeting and Deputy Prime Minister of the Russian Federation.

in COVID-19 cases threatened to overrun hospitals. In his remarks, the OPEC Conference President alluded to these measures.

"I am aware that a new, strict lockdown began today for Vienna and other parts of Austria. On behalf of all OPEC Member Countries, I thank Mohammad Sanusi Barkindo and his capable staff at the OPEC Secretariat for the consistently excellent research, technical support and coordination you provide despite the challenging circumstances in our host city," he said.

Concerns about rising infections in other European countries, including big economies such as France and Germany, were also expressed during the high-level interventions.

"In the Euro-zone, infection rates continue to rise and countries are reimposing full or partial lockdowns and extending restrictions to combat a third wave," the Chairman said in his remarks to the 15th ONOMM. "Steering the ship in these current conditions where different scenarios are playing out in various regions of the world requires a steady hand on the tiller, as I said back in February. It also requires flexibility and being responsive to market needs."

Alexander Novak, Co-Chair of the meeting, emphasized the need to continue with the DoC's constructive approach to restore global oil market stability. He noted that vaccination campaigns are yielding results and providing optimism, "but at the same time we have to be very careful given new waves of the virus."

The speakers praised the forward-looking decision taken at the 12th ONOMM in December 2020 to hold monthly meetings, starting in January of this year to strengthen market monitoring and position the DoC participants to respond quickly to changing market conditions.

"Continuing with this flexible approach will serve us best," the Chairman said.

The OPEC Secretary General also emphasized the importance of the group's swiftness in responding to market fluctuations and economic conditions.

"The dedication, teamwork and flexibility we have shown over the past year has been a guiding light for the recovery we have all witnessed," Barkindo said. "This needs to remain front and centre of everything we do, as we look to build on what we have achieved so far."

High conformity

The 15th ONOMM welcomed the positive overall conformity levels of participating countries, which reached 115 per cent in February, reinforcing the trend of aggregate high conformity by the producers. The Ministers noted that, since the actions taken in April 2020, DoC

The OPEC Secretariat team at the 15th ONOMM.

participating countries had contributed to adjusting downward global oil supply by 2.6 billion b/d by the end of February 2021, thereby expediting the rebalancing of the oil market.

The Ministers also expressed their thanks to participating countries that had submitted implementation plans to compensate for previous shortfalls in conformity and urged those that hadn't yet done so to submit their plans to the OPEC Secretariat by April 15.

In addition, the Ministers joined in commending Saudi Arabia for the 'Saudi Green Initiative' and the 'Middle East Green Initiative'. Announced on March 27, these projects are aimed at contributing to global efforts to combat climate change. The OPEC and non-OPEC Ministers also welcomed Saudi Arabia's commitment to enhancing regional collaboration on these issues.

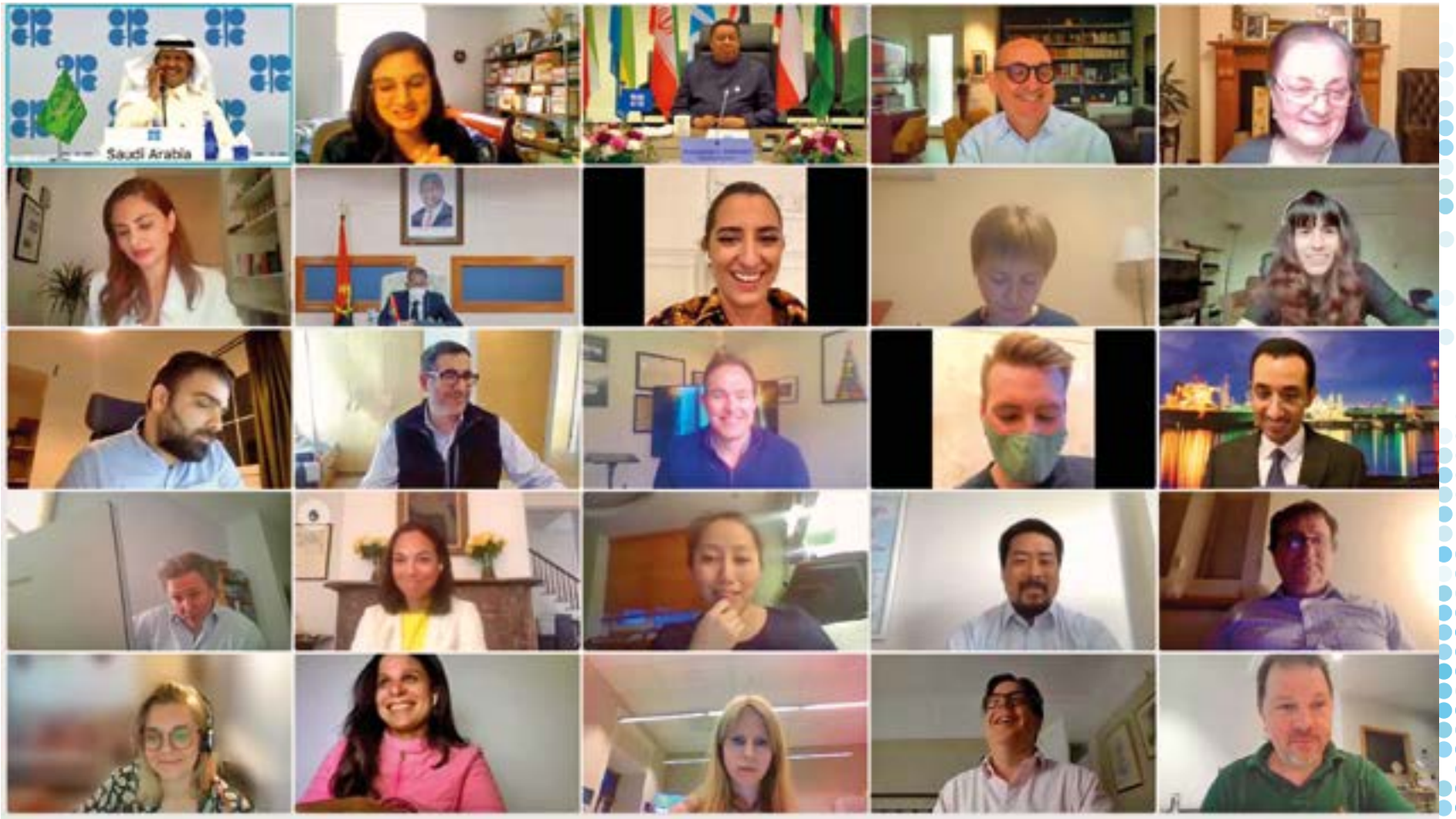
"These [initiatives] form an important part of the Kingdom's efforts to address climate change and reduce emissions and the region's environmental footprint," the Chairman said in his opening remarks. "The new initiatives would allow the Kingdom to work with regional and global partners, many of whom are members of this group, and to transfer knowledge and share experiences."

News conference

During an hour-long news conference following the 15th ONOMM, the Chairman reiterated the importance of the DoC's regular monitoring to help stabilize the global oil market. The decision taken at the 12th ONOMM in December 2020 to hold monthly meetings, he said, provides a platform "to help facilitate decisions and to have a meaningful way to deal with uncertainty."

The Chairman explained in response to one question that there is "still room for caution" as countries prepare for gradual changes in the adjustment levels. He pointed out that "we still have a full month of voluntary adjustments from Saudi Arabia in April," plus the planned DoC adjustments for April and compensation for overproduction. "The safeguard is still there. We

Right: Members of the international media attend press conference after the 15th ONOMM.


Saudi Arabia

Hasan Hafidh, Head of OPEC's PR & Information Department, moderating the press conference.

are still committed to this wonderful mechanism that we created in December which means we can tweak by 500,000 b/d either way," he told the more than 60 journalists and analysts attending the press conference. Over 1,300 viewers watched the conference on different video channels.

In response to another question, the Chairman also praised the efforts of participating countries that have compensated for overproduction or are working to do so. He stressed that the ONOMM can "tweak or adjust" as necessary to support its rebalancing efforts.

"I think what we did today is a very conservative measure," he told the news conference. With regard to future steps on adjustment decisions, the Chairman said: "It all depends on demand, it depends on compensation, it depends on conformity. At the end of the day, we have to look at it on a month-by-month basis."

Improving outlook: Output adjustment changes for May–July 2021

DoC Ministers navigate a steady course

With the global economic outlook brightening, the 'Declaration of Cooperation' (DoC) participating countries met on April 27 and reaffirmed the decision made earlier in the month to slowly scale back production adjustments for May, June and July.

Mohammad Sanusi Barkindo, OPEC Secretary General, at the 16th ONOMM.

The 16th OPEC and non-OPEC Ministerial Meeting (ONOMM) of the DoC took place one year after the participating countries embarked on the largest and longest production adjustments in the history of oil.

The meeting, the second in April and fourth this year, reflected the cautious approach to the ongoing market-stabilization efforts. The meeting took place against a backdrop of surging COVID-19 cases in a number of countries, but also amid expectations that vaccines and record stimulus programmes will spur global economic growth, especially in the second half of 2021.

Mohammad Sanusi Barkindo, OPEC Secretary General, alluded to the contrasting conditions between the two Aprils — 2020 and 2021 — in his remarks to the Joint Ministerial Monitoring Committee (JMMC), which took place back-to-back with the ONOMM.

The OPEC Secretariat team attending the 16th ONOMM.

The Secretary General also stressed that the oil market continues to reap the benefits of the DoC's support for sustainable oil market stability, which in turn provides a platform the global economic recovery.

"We can take comfort in knowing that our leadership has helped turn the tide. But at the same time, the persistence of COVID-19 reminds us that this no time to stray from the cautious and steadfast approach we have taken over the past year," he said in remarks delivered during the conference call.

The Secretary General highlighted the positive trajectory of the global economy, coupled with stimulus measures, progress on vaccinations and the summer

travel season, as driving forces behind the improving oil demand outlook.

The Ministers also reiterated their appreciation for Saudi Arabia's additional voluntary adjustments, and a gradual return of these volumes to the market over three months, as a further important contribution to the market-stabilization efforts. Saudi Arabia adjusted its production by a further 1 million barrels/day in February, March and April as part of its overall contribution to the DoC.

The 15th ONOMM, held on April 1, took the forward-looking step of reducing production adjustments by 350m b/d in May, a further 350m b/d in June, and by 441m b/d in July. HRH Prince Abdul Aziz Bin Salman Al Saud, Saudi Arabia's Minister of Energy, announced at the 15th ONOMM the phase-out of its voluntary adjustment of 1m b/d starting with 250m b/d in May, followed by 350m b/d in June and 400m b/d in July.

Positive momentum

During their second meeting of April, the Ministers emphasized the ongoing positive contributions of the DoC in supporting a rebalancing of the global oil market in line with the decisions taken at the 10th (Extraordinary) ONOMM on April 12, 2020. At that decisive meeting, the DoC participants agreed to undertake the largest and longest production adjustments in the history of oil.

As a result, the participating countries on May 1, 2020, began adjusting production by 9.7m b/d as the global economy reeled from the economic repercussions of COVID-19 lockdowns and stringent health measures. These adjustments amounted to nearly ten per cent of pre-pandemic global demand. They were subsequently amended, based on market conditions, beginning in August 2020 and January 2021, followed by the decision for additional gradual adjustments beginning on May 1, 2021.

During the 16th ONOMM, the Ministers highlighted the continuing recovery in the global economy, supported by unprecedented levels of monetary and fiscal support, while noting that the recovery is expected to pick up speed in the second half of the year.

But the persistence of COVID-19 and a tragic resurgence in India, where new cases soared into record territory in late April, overshadowed the projections for healthy economic growth and steady progress on vaccinations.

Dr Diamantino Pedro Azevedo, Angola's Minister of Mineral Resources and Petroleum and President of the OPEC Conference, said in remarks to the JMMC that the continued rise in COVID-19 cases and evidence of new mutations were reminders that the pandemic remains a major force.

The Conference President reiterated the need to maintain the current level of market monitoring and redouble efforts in order to ensure that the DoC's hard-won successes are not lost. He also emphasized the need for an inclusive vaccination rollout.

"It is vital that vaccines are provided to the whole world; developing countries should not be left behind when it comes to the rollout, and the subsequent economic recovery," Azevedo said.

Progress on conformity

Besides its decision to navigate a steady course on the earlier-agreed production adjustments, the Ministers also took note of the continued progress on conformity by participating countries.

However, they also stressed the importance of all countries achieving full conformity and making up for previous adjustment shortfalls during an extended compensation period, which runs through the end of September 2021.

Overall conformity to the production adjustments was 115 per cent in March, the Ministers noted.

Gas and coal outlooks examined by IEA, IEF and OPEC

The fifth IEA-IEF-OPEC Symposium on Gas and Coal Market Outlooks took place on April 28 as a videoconference. The event is part of the trilateral work programmer established by the three organizations in 2010 to enhance dialogue and exchange views on issues relevant to the energy sector. The OPEC Bulletin's ***Scott Laury*** *reports.*

The participating delegations were led by Dr Fatih Birol, Executive Director of the International Energy Agency (IEA), Joseph McMonigle, Secretary General of the International Energy Forum (IEF) and OPEC Secretary General Mohammad Sanusi Barkindo. The event was chaired by Keisuke Sadamori, Director of Energy Markets and Security at the IEA.

The fifth edition of the Symposium was held for the first time as a public event and was livestreamed on the IEA website. The well-attended Symposium featured

L–r: Dr Fatih Birol, Executive Director of the International Energy Agency (IEA); Joseph McMonigle, Secretary General of the International Energy Forum (IEF); and OPEC Secretary General, Mohammad Sanusi Barkindo.

a wide range of speakers and participants from OPEC Member Countries and non-OPEC oil producing and consuming nations, in addition to representatives from the private sector and technical experts.

Participants addressed numerous key issues related to natural gas and coal in the short, medium and long term, including demand, supply and investment trends, as well as the impacts of the COVID-19 pandemic and future outlooks in relation to the energy transition.

The event's wide-ranging programme was divided into two sessions — the first covering short-term developments and the second session focusing on the medium and long terms.

In highlighting the Symposium's importance, Secretary General Barkindo stated: "The *IEA-IEF-OPEC Symposium on Coal and Gas Market Outlooks* serves as an important pillar of the ongoing joint work programme that has been developed by the three international energy organizations."

"By bringing together decision makers and industry experts, the Symposium, now in its fifth edition, will provide a vital platform to better understand the conditions of natural gas and coal as energy sources and examine their prospects from the short to the long term," he added.

Barkindo also pointed out the relevance of the event in relation to heightened efforts of the global energy industry to adapt to the ever-changing dynamic driven by the 'energy transition'.

"It is needless to say that such analyses and meetings support our efforts to enhance our comprehension of the global energy transition, in which all sources of energy, including oil, are expected to play a role to combat the plight of energy poverty."

A wide-ranging programme

The Symposium's agenda encompassed a wide-ranging scope of topics that covered gas and coal market outlooks from the short to long term. These issues were covered through a series of presentations, which were followed by Q&A sessions and finally roundtable discussions among the participants.

The first session covered short-term developments in the gas and coal markets, including a timely update on the post-pandemic recovery outlook for gas and coal. Other presentations and roundtable discussions during the session looked at the latest trends concerning gas decarbonization, as well as an in-depth look at China's coal markets. Finally, an in-depth examination of liquefied natural gas, specifically its market flexibility and its recovery from the pandemic-related challenges, was presented and debated.

Session two focused on gas and coal market outlooks for the medium to long term and featured insightful presentations from both the producer and consumer perspectives. The session also featured expert presentations on future prospects for India's coal market, as well as a thorough analysis of the role gas and coal are expected to play in the 'energy transition'.

Dialogue and cooperation are key

Secretary General Barkindo, in his remarks, pointed

out that the IEA-IEF-OPEC partnership dates back to 2010 and has been instrumental in strengthening producer-consumer relations and global energy cooperation.

"Today's Symposium is part of our ongoing joint work programme between the IEA, the IEF and OPEC, which is comprised of two other regular dialogues in addition to today's event: the *IEA-IEF-OPEC Symposium on Energy Outlooks* and the *Joint IEA-IEF-OPEC Workshop on the Interactions between Physical and Financial Energy Markets,"* he noted. "These two annual events were established and endorsed by Energy Ministers at the 12th International Energy Forum in Cancún, Mexico in 2010.

This trilateral cooperation has gained traction through the years and risen in stature, he added, helping enhance relations between energy producers and consumers.

"These joint events have increasingly attracted high-level participation, and the important issues discussed have been elevated to the global energy agenda. Furthermore, our collective efforts through these dialogue initiatives have significantly strengthened the producer-consumer dialogue, and we look forward to further deepening our joint engagement through ongoing close collaboration in the years to come."

In times of crisis, he added, collaboration is even that much more vital.

"In the past year, the COVID-19 pandemic has served as a stark reminder of how crucial global energy cooperation is in confronting serious industry crises, supporting stable energy markets and fuelling economic growth."

All energy sources needed

In terms of OPEC's outlook for the future energy mix, the Secretary General emphasized in his remarks that all available energy sources will be required to meet rising global demand for energy.

"According to the latest edition of OPEC's *2020 World Oil Outlook,* global primary energy demand is expected to continue growing in the medium and long term, rising by a remarkable 25 per cent by 2045," he said. "In terms of the energy mix, oil accounted for more than 31 per cent of global energy demand in 2019 and is projected to remain the largest contributor to the energy mix to 2045, accounting for around 28 per cent, followed by gas at about 25 per cent and coal at almost 20 per cent."

In terms of gas, global demand is expected to continue growing, driven by rising levels of urbanization, increasing demand in the industrial sector and greater competitiveness over coal for power generation.

"We see global demand for gas increasing from nearly 67 million barrels of oil equivalent/day (m boe/d) in 2019 to 91m boe/d in 2045," he stated. "Some of OPEC's Member Countries are substantial producers of gas and will play an important role in meeting this rising demand around the world."

The outlook for coal, he said, is a different story. Although it is still expected to account for around one-fifth of the energy mix to 2045, it is losing ground to other energy sources.

"Around the world, and particularly in the OECD region, we are seeing coal-fired power plants being displaced by renewables

and gas," he said. "The result is that demand for coal is projected to experience an average decline in growth rate of 0.3 per cent per year from 2019–45."

This trend will be accelerated, he added, by the gradual introduction of more energy-efficient technologies in developing nations, where lower-carbon investments are being prioritized. India is one exception to this trend with coal demand expected to increase between 2019 and 2045 at a rate of 2.6 per cent per year on average.

The Secretary General also touched on the rising need for electricity generation, which is expected to increase by 2.2 per cent per year, mainly in developing countries.

"Gas, next to renewables, is projected to increase its share in the electricity generation mix, but coal is expected to see only limited increases in power generation due the aforementioned decommissioning of old power plants," he pointed out.

In terms of the much-talked-about role for hydrogen, the Secretary General emphasized its potential to help OPEC Member Countries diversity their economies through clean energy.

"The cutting-edge innovation called "blue hydrogen" is derived from hydrocarbons and offers the potential to add significant value to our industry by turning emissions into energy," he point out. "This technology and others such as carbon, capture and storage are providing viable options for energy exporting countries to diversify their economies while helping provide clean energy options for the future."

It was also pointed out that renewables, namely solar, wind and geothermal energy, are forecast to be the fastest growing sources of energy in both relative and absolute terms between 2019 and 2045, growing by 6.6 per cent per year on average.

Dynamic energy landscape

The Symposium's discussions repeatedly returned to the current paradox in the industry that is requiring industry stakeholders to balance the ongoing need for fossil fuels to ensure future economic growth with the swift movement in some sectors towards a low-carbon future.

"All of these indicators and trends are taking place within a rapidly evolving energy landscape, in which we are seeing an intensified transition by major world players in committing to a lower carbon footprint," the Secretary General stated. "In fact, just last week, US President Joseph Biden hosted a virtual Leaders Summit on Climate, in which 40 world leaders vowed to work together and do their part in meeting global emission reduction targets. The event signalled the return of the US to a leadership role in addressing climate change and comes at a critical turning point as the world gears up for November's United Nations Climate Change Conference (COP26) in Glasgow."

Barkindo welcomed the renewed impetus on the part of the US to once again lead the world's efforts in addressing the most pressing challenges related to climate change. However, he insisted that fossil fuels will still have a role to play through the adoption of innovative technologies.

"At OPEC, we believe that the scale of the challenges that the energy transition presents will require us to utilize all available energies," he said. "We must seek out cleaner and more efficient technological solutions, such as carbon capture utilization and storage (CCUS), while promoting the Circular Carbon Economy as a means to improve overall environmental performance."

Barkindo underlined the fact that OPEC's Member Countries are active players in the battle against climate change while also emphasizing the need for global leaders to adopt a measured and equitable approach to addressing climate change in order to ensure that the needs of developing countries are taken into consideration.

"Our Member Countries are very active in this regard, such as with Saudi Arabia's recently unveiled 'Saudi Green Initiative' and the 'Middle East Green Initiative'," he stated. "These innovative and timely contributions underpin global efforts to address climate change while also respecting the core elements of the UNFCCC, particularly as relates to equity, historical responsibility and national circumstances. This will ensure a balanced transition that accounts for the needs of people in relation to their social welfare, the economy, and the environment."

"In the past year, the COVID-19 pandemic has served as a stark reminder of how crucial global energy cooperation is in confronting serious industry crises, supporting stable energy markets and fuelling economic growth."

OPEC Secretary General, Mohammad Sanusi Barkindo

From despair to hope

Secretary General Barkindo concluded his remarks on a positive and encouraging note, recognizing the world's need for relief after more than a year of suffering through a pandemic.

"As we slowly emerge from a tumultuous year of crisis and chaos, we could all use a good dose of hope and inspiration. Thus, allow me to leave you with the wise and encouraging words of 13th century scholar Jelaluddin Rumi who said, and I quote:

"Where there is ruin, there is hope for a treasure."

Let us indeed move on from the ruin and tumult of this past year and continue onwards together seeking our treasure which can be found through close cooperation, mutual respect and prosperity for this and future generations."

Nigeria launches the 'Decade of Gas'

*At the end of March, the Nigerian Government formally declared January 1, 2021–December 31, 2030, as the 'Decade of Gas Development for Nigeria.' With Nigerian **President Muhammadu Buhari** launching the initiative, alongside other distinguished guests and speakers, including OPEC Secretary General, **Mohammad Sanusi Barkindo**, the* OPEC Bulletin *reports on the event.*

Nigerian President Muhammadu Buhari.

The 'Decade of Gas Development for Nigeria' launch, a pre-summit conference of the 2021 Nigeria International Petroleum Summit with Nigeria LNG Limited (NLNG) as sponsor, focused on setting the tone for the development of Nigeria's gas industry over the next ten years. This was evident in President Buhari's remarks that highlighted the country's resources of around 600 trillion cubic feet of gas, and the enormous potential these have to help diversify Nigeria's economy.

The President pledged that his administration would fully utilize the enormous gas resources in the country to uplift the economy and drive industrialization. "The rising global demand for cleaner energy sources has offered Nigeria an opportunity to exploit gas resources for the good of the country. We intend to seize this opportunity," he told participants at the summit.

National priority

Buhari said that his administration had prioritized gas development and had already recorded remarkable progress, such as through the National Gas Policy of 2017, whilst also noting that 2020 had been declared 'The Year of Gas.' In this regard, he referenced the development of gas infrastructure, such as the 614-km Ajaokuta-Kaduna-Kano gas pipeline, the domestic utilization of liquefied natural gas (LPG) and compressed natural gas (CNG), the process of commercializing gas flares, the development of industrial and transport gas markets, and increasing gas to power.

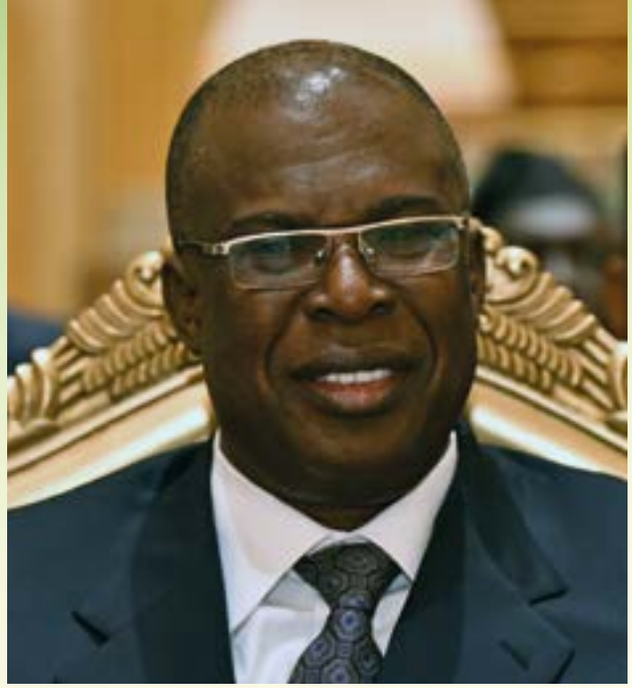
He added, however, that "after a thorough review of these laudable achievements and successes in the gas space, we acknowledge that Nigeria still has more work to do."

He stated that "gas development and utilization should be a national priority to stimulate economic growth, further improve Nigeria's energy mix, drive investments, and provide the much-needed jobs for our citizens in the country." He added that the 'Decade of Gas' initiative will ensure further optimal exploitation and utilization of the country's vast gas resources.

The President commended the collaboration between the Federal Ministry of Petroleum Resources, the Nigerian National Petroleum Corporation (NNPC) and the NLNG to actualize the dream of transforming Nigeria with its massive gas resources.

"The Ministry of Petroleum Resources and NNPC are in various regards setting the pace," he said. He described the NLNG as the Federal Government's arrowhead in the reduction of gas flaring in Nigeria. He also applauded NLNG for winning the award for outstanding business strategy in 2020 for going ahead with the LNG Train 7 during the global pandemic.

The President noted that these achievements were accomplished with 100 per cent Nigerian management and 95 per cent



Timipre Sylva, Nigeria's Minister of State for Petroleum Resources.

Mohammad Sanusi Barkindo, OPEC Secretary General.

Nigerian workforce. He added that "I would like to charge all other relevant MDAs (government ministries and agencies) on the need to partner with the international oil companies, the indigenous oil companies and financial institutions to actualize the dream of fully utilizing our gas resources to uplift our economy."

Commending President Buhari

In his goodwill message, Secretary General Barkindo commended the visionary and forward-looking efforts of President Buhari in the oil and gas sector, including during his tenure as Minister of Petroleum and Head of Delegation to OPEC in the1970s, highlighting the President's unwavering commitment to sustainable market stability.

The Secretary General continued and said that "this was clearly on display during the unprecedented oil market slump in 2020 as a result of the COVID-19 pandemic," adding that President Buhari played a leadership role in building consensus and unifying the efforts of the 'Declaration of Cooperation' (DoC) participants. These efforts have helped "pull the industry back from the brink."

Timely and relevant

On the gas initiative, Barkindo underscored the importance of the 'Decade of Gas' from 2021 to 2030, emphasizing that it will help "place Nigeria at the forefront of this vital global industry." The Secretary General added that the "timely and relevant" initiative, alongside others such as the 'Petroleum Industry Bill', aims to boost the competitiveness and effectiveness of Nigeria's oil and gas sector.

Barkindo also addressed the long-term prospects of natural gas as an important and reliable source of energy globally.

In referencing OPEC's *World Oil Outlook 2020,* the Secretary General noted that natural gas is expected to be the fastest-growing fossil fuel by 2045, driven by higher urbanization rates, industrial demand and its competitiveness over coal in power generation. He added that oil and gas are projected to still contribute more than 50 per cent of the global energy mix by then.

Barkindo concluded by highlighting the need to use all available resources to address the ongoing energy transition, a theme referenced by many speakers at the summit, and with a focus on balancing the needs of people in relation to their social welfare, the economy and the environment. "Tackling emissions has many pathways and we need to explore them all. The oil and gas industries are part of the solution; we possess critical resources and expertise that can help unlock our carbon-free future," he added.

Nigeria gas sector growth — inevitable

Timipre Sylva, Nigeria's Minister of State for Petroleum Resources, stated that Nigeria should take the leading role in Africa as gas becomes the dominant fuel for generating power in the continent. "In spite of the global shift to renewables, Nigeria will continue to rely on natural gas as a transition fuel for key power generation while pursuing renewables for off-grid power," he said

He stated that the government will conclude the review of the gas master plan to accommodate current realities and we shall continue to support decarbonization efforts and energy substitution.

"The growth of the gas sector is inevitable in Nigeria," he added.

The country's 'Decade of Gas' has been launched, and it is clear the potential over the coming ten years (and beyond) is huge.

OPEC attends GECF's special meeting on data and statistics

*The OPEC Secretariat participated in the 12th Special Envoys for Data and Statistics Meeting on March 15–16, held via videoconference. The meeting, which was hosted by the Gas Exporting Countries Forum (GECF), serves as the latest testament to the growing OPEC-GECF relationship since it was formalized in October 2019. The OPEC Bulletin's **Ayman Almusallam** files this report on the meeting.*

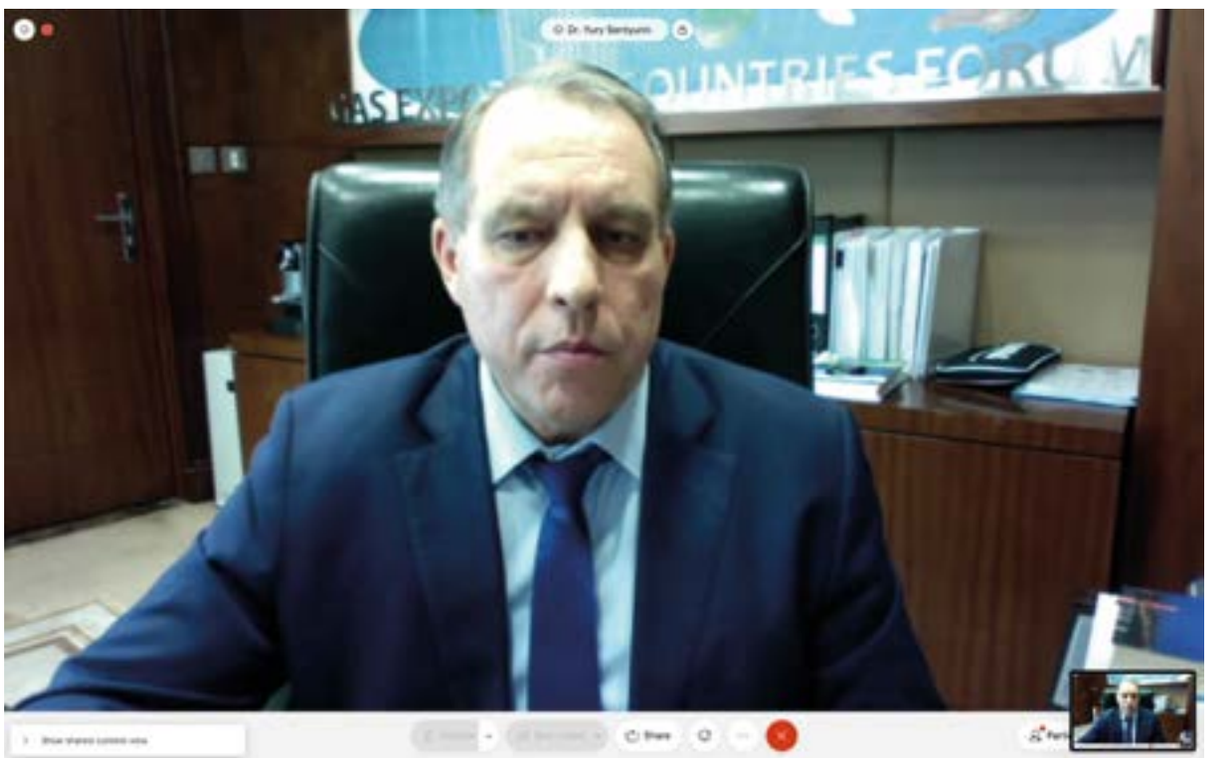
Boshra AlSeiari, Head, Data Services Department in OPEC's Research Division.

Within the expanding framework of OPEC-GECF dialogue and cooperation, the OPEC Secretariat attended the GECF's 12th Special Envoys for Data and Statistics Meeting as a special guest. The meeting was held via videoconference due to the ongoing restrictions and measures imposed in most countries to contain the spread of COVID-19.

The Secretariat was represented by Boshra AlSeiari, Head of the Data Services Department in OPEC's Research Division, and Dr Hossein Hassani, Statistical Systems Coordinator. OPEC's participation entailed delivering remarks to set the scene for the meeting and a presentation on the collection and use of energy data.

At the meeting, GECF Secretary General, Yury Sentyurin, acknowledged the "special juncture" into which the world has entered since the outbreak of the COVID-19 pandemic, which has caused the tragic loss of countless lives and the deterioration of economies around the world. He also highlighted the important role that the GECF has played, guided by its slogan "data leads the way."

On cooperation, Sentyurin described the partnership between OPEC and the GECF as an example of how interactions between international organizations can be "efficient and instrumental."



Yury Sentyurin, GECF Secretary General.

Dr Hossein Hassani, Statistical Systems Coordinator in OPEC's Data Services Department, attending the meeting.

Common sector, common interest

In her remarks, AlSeiari thanked the GECF for the gracious invitation and for the efforts exerted by its Secretary General in actively supporting the "growing collaboration and cooperation" between the two organizations.

AlSeiari recalled the memorandum of understanding (MoU) signed between OPEC and the GECF in 2019, highlighting, "The MoU has set into motion a great deal of activity. We have in a very short time met with great success in fulfilling this growing partnership.

"Both of our organizations supply a commodity necessary to meet the basic needs of mankind. They have a historic relationship to one another," she added.

She emphasized the MoU has paved the way for bigger and more active cooperation, which led to the convening of the first OPEC-GECF High-Level Meeting in November 2020 via videoconference.

AlSeiari added that the ongoing collaboration sees no boundaries or limits, noting that the two organizations have also begun to cooperate on the technical level.

"Productive, fruitful contact has been established between our officers. This has led to the participation of experts at each other's Annual Statistical Meetings, which has enriched these meetings greatly," she added.

The GECF also contributed to OPEC's *2020 World Oil Outlook (WOO)* on the subject of liquefied natural gas (LNG). In turn, OPEC wrote an article on the long-term prospects for liquids demand for the GECF Global Gas Outlook 2050, which was released on 24 February of this year.

AlSeiari concluded her remarks by highlighting the need to utilize the unexploited potentials of this partnership, stating, "I look forward to collaborating more closely with your Data and Information Services Department on areas of common interest regarding data collection.

"We stand to benefit greatly from these joint exchanges, broadening our knowledge of energy systems as a whole and in particular the oil and gas industries, which are inextricably tied together," she said, adding: "These meetings are valuable forums that allow us to engage in discussions on issues of common concern and help solidify a platform for our ongoing future collaboration."

OPEC-GECF partnership

In October 2019, OPEC Secretary General, Mohammad Sanusi Barkindo, and his GECF counterpart signed a MoU on the sidelines of the Russian Energy Week forum in Moscow to enhance ongoing cooperation between the two organizations.

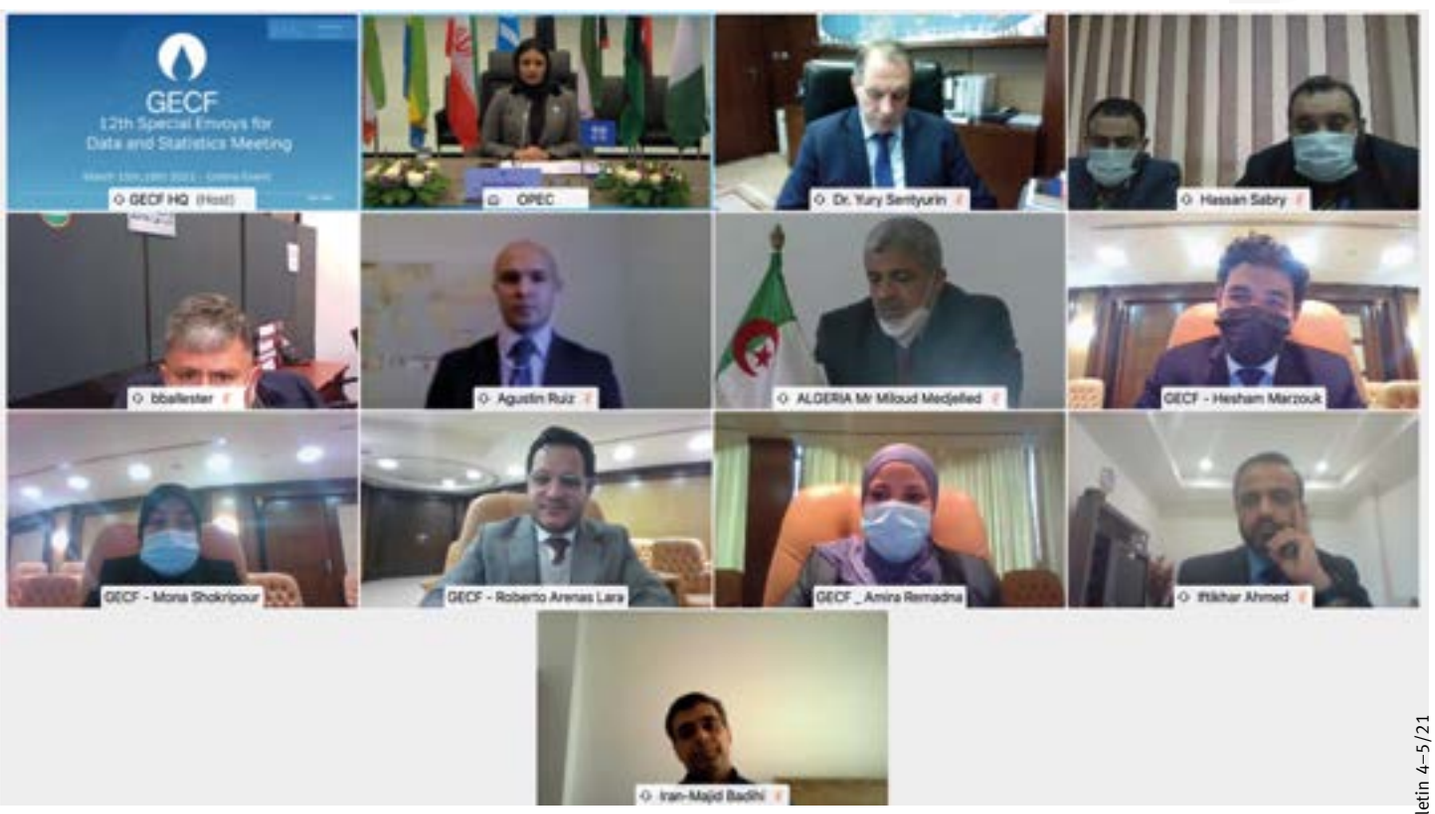
Since then, the MoU has served as a cornerstone, underpinning the thriving partnership and encouraging an exceptional period of collaboration between the two international entities.

The partnership soon evolved to encompass high-level and technical-level cooperation, including the convening of the First OPEC-GECF High-Level Meeting, as well as OPEC's participation in the 22nd GECF Ministerial Meeting and the GECF Ministerial Roundtable on Natural Gas.

At the First OPEC-GECF High-Level Meeting, Secretary General Barkindo highlighted the importance of the signed MoU, noting that it will promote "exchange of knowledge, experience, views, information, data and practices in areas of mutual interest."

In commending the mutually beneficially partnership, Sentyurin stated: "At the GECF, we firmly believe that our well-established OPEC-GECF energy dialogue serves as a foundation for the realization of valid policies that serve as a framework for international collaboration, and guarantee the much-needed security of supply and demand for oil and natural gas."

GECF and OPEC Secretariat delegates attending the 12th Special Envoys for Data and Statistics Meeting.



Enduring partnerships help keep Chevron focused on the future

Industry veteran Clay Neff talks to the* OPEC Bulletin *about the company's long history and valued ties with many OPEC Member Countries, and Chevron's ambitious plans for addressing global energy needs.

Robert C (Clay) Neff Jr became president of Chevron's Middle East, Africa, South America Exploration and Production Company on July 1, 2020, in the middle of one of the most challenging years in modern oil industry history. Based in Houston, he previously headed Chevron's Africa and Latin America Exploration and Production Company.

Neff has extensive managerial experience in Africa, including OPEC Member Countries Angola, Republic of the Congo and Nigeria, as Asset Development General Manger, Production Operations Manager and Managing Director, respectively. He has worked at Chevron since 1985.

Beyond his corporate duties, Neff has chaired the Oil Producers Trade Section of the Lagos Chamber of Commerce and serves on the boards of the Houston Zoo, the Council of the Americas and the Corporate Council on Africa, among others.

Neff responded to questions from the *OPEC Bulletin* about Chevron's work in the Middle East, Africa and South America, as well as on OPEC and the energy outlook.

Question: Chevron traces its roots to 1879. After such a long and successful history, what is a company like Chevron doing to prepare for the future?

Answer: Yes, Chevron has a long and very prosperous history, which began when a group of explorers and merchants established the Pacific Coast Oil Company on September 10, 1879. Since then, our name may have changed several times, but we have always held on to our founders' spirit, creativity, innovation and perseverance.

Nothing in life or business is static and what we do is a work in progress. Expectations change over the decades, but we always aim to be ahead.

What is key for us is staying prepared. Our industry has cycles, and we need to remain disciplined in order to win in any environment. As part of this, our focus will continue to be on driving a disciplined capital and cost programme to deliver higher returns for shareholders.

The pandemic has certainly highlighted the importance of a robust balance sheet. Despite the global crisis and its impact on our business, we were still able to maintain our dividend and successfully complete our acquisition of Noble Energy last October.

What is in store for the next few decades? I do not know, and I am not alone. What I do know is that Chevron has an advantaged portfolio further enhanced by our acquisition of Noble Energy. We have financial strength and flexibility, a leading balance sheet and a strategy to be a leader in advancing a lower carbon future.

What is certain is that affordable and reliable energy will be needed in the future to drive a growing global economy and elevate billions of people out of poverty.

Meanwhile, everyone is entitled to a clean environment, and Chevron will play a part in addressing the risks of climate change. We support well-designed climate policies and believe a price on carbon is the most efficient mechanism to reduce emissions. And I am confident that as societies work together to advance technology and innovation, we can together meet the world's energy needs and also address climate risks.

Chevron also has a very long history of working with many OPEC Member Countries — including Founder Members like Kuwait, Saudi Arabia and Venezuela — and you have a strong presence in Africa, especially Nigeria and Angola. In your experience, what does an Organization like OPEC bring to the industry as a whole?

Chevron is committed to partnership. Partnerships open possibilities for sharing and win-win opportunities with our host countries, not just technical skills and knowledge, but they help break down barriers that can often isolate people and nations from a world of ideas and growth. I truly believe a lot of good can come from strong partnerships.

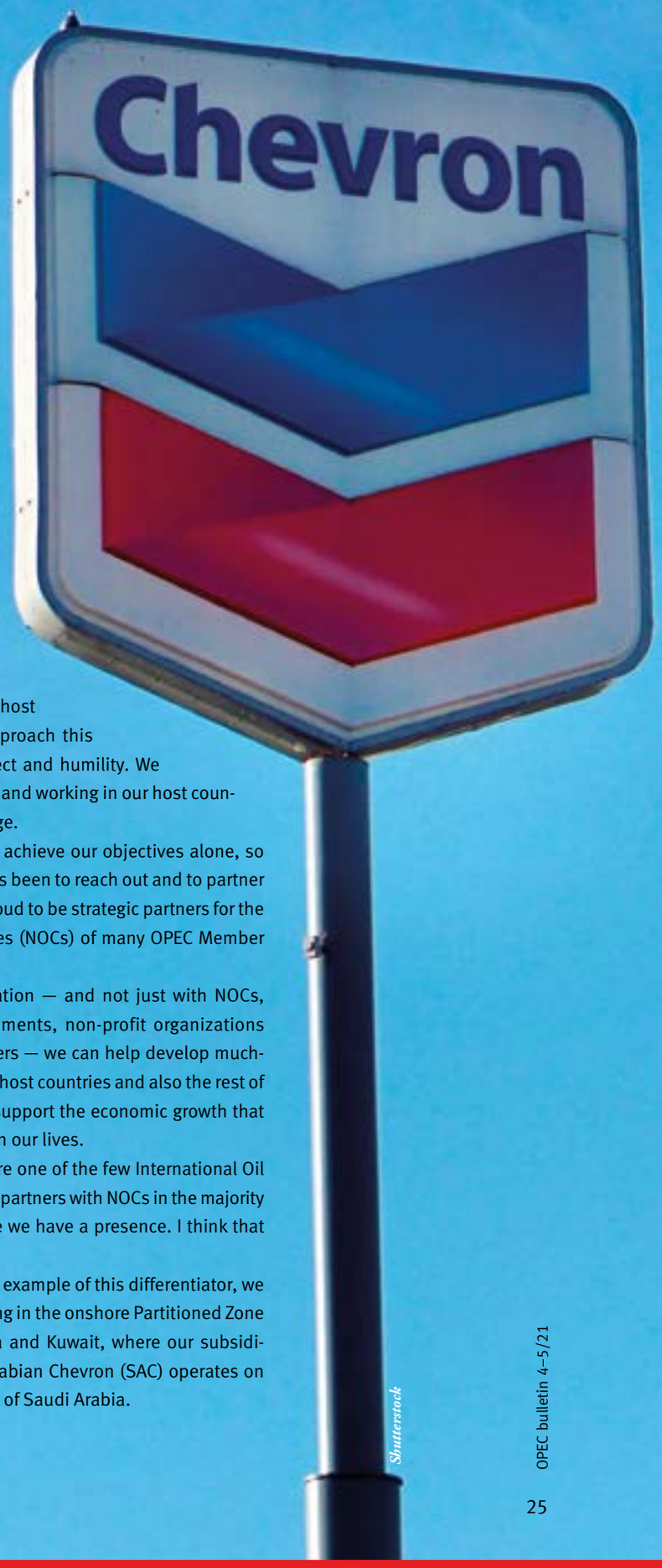
For Chevron, it is important to recognize that it is a privilege to operate in other communities. We are a guest in our host countries, and we approach this with the utmost respect and humility. We understand that living and working in our host countries remains a privilege.

And we can never achieve our objectives alone, so our strategy has always been to reach out and to partner with others. We are proud to be strategic partners for the National Oil Companies (NOCs) of many OPEC Member Countries.

Through collaboration — and not just with NOCs, but with local governments, non-profit organizations and community partners — we can help develop much-needed energy for our host countries and also the rest of the world, as well as support the economic growth that helps us all progress in our lives.

Additionally, we are one of the few International Oil Companies (IOCs) that partners with NOCs in the majority of the countries where we have a presence. I think that says a lot.

To give you a clear example of this differentiator, we are the only IOC working in the onshore Partitioned Zone between Saudi Arabia and Kuwait, where our subsidiary company Saudi Arabian Chevron (SAC) operates on behalf of the Kingdom of Saudi Arabia.



Shutterstock

The Escravos Gas to Liquids (EGTL) plant.

Additionally, Chevron is the only large international energy company to have had a continuous upstream presence in the Kingdom of Saudi Arabia for more than seven decades. Again, I think this says a lot about our commitment to being a good partner to our host countries.

Another similar example is our presence in the Lianzi field, which is located in a unitized offshore zone between the Republic of the Congo and the Republic of Angola. Lianzi is the first cross-border oil development project of its kind in offshore Central Africa.

Lianzi started production in 2015, and it represents a unique cooperative approach to share offshore resources. Furthermore, it has served as a model for the development of other similar cross-border fields and other business cooperation between the countries.

Chevron has been making significant investments in Nigeria for close to 60 years, both in onshore and offshore fields. The Agbami field, operated by Chevron, is one of the single largest oil fields in the deepwater in West Africa. The field started production in July 2008.

In Nigeria, Chevron has progressively reduced gas flaring by over 95 per cent in the past ten years, and through its various projects, Chevron has remained ahead of other IOCs in terms of maximizing supply of on-spec gas into the Nigerian domestic market.

The Nigerian National Petroleum Corporation (NNPC) and the Chevron Nigeria Limited joint venture are investors in the Escravos Gas Plant (EGP). With its gas gathering and processing facilities, the EGP makes Chevron one of the pioneers in creating a practical and economic solution for gas flaring in the Nigerian oil and gas industry.

Likewise, the Escravos Gas-to-Liquids (EGTL) plant is key to the JV's significant flare reduction efforts. EGTL enhances diversification and commercialization of gas resources and continues to provide great value to Nigeria through its high-quality products.

Turning specifically to your question about OPEC, the Organization and its Member Countries are looking at the same global oil market conditions that we are. The industry is trying to find a balance based on so many factors, and right now particularly timing around the rollout of COVID-19 vaccines, which will support economic recovery.

The large-scale steamflood development project at the Wafra oil field.

Last year saw the restart of production in the Wafra and Khafji fields in the Neutral Zone between Saudi Araba and Kuwait. Chevron has deep roots in this area as well. Tell us more about your operations there.

As I previously mentioned, Chevron and the Kingdom of Saudi Arabia have had a very productive and prosperous business partnership. More than 80 years after the first major oil discoveries in the Middle East, the region remains one of the world's most prolific energy sources.

Chevron made the first two major discoveries here — in Bahrain in 1932 and in the Kingdom of Saudi Arabia in 1938. Today, we continue to play an important role in this energy-rich region. Partnership, technology transfer and organizational capability were the pillars of our success 80 years ago, and they continue to shape our present and future.

In 1949, we signed an agreement with the Kingdom to operate its 50 per cent interest in the hydrocarbon resources of the onshore Partitioned Zone. This agreement continues until 2046.

As was reported at the time, in December 2019, Saudi Arabia and Kuwait signed a memorandum of understanding (MoU), which enabled pre-start-up activities to safely begin in February 2020, following a five-year shut in. We expect production to ramp up to levels produced before the shut-in within one to two years.

Meanwhile, we are making progress on proving the technical and commercial feasibility of applying enhanced oil recovery (EOR) steam flooding technology to produce the heavy oil of the Eocene carbonate reservoirs at the massive Wafra Field.

With the application of Chevron's heavy oil thermal EOR technologies, Wafra could be one of the world's largest steam flood developments.

Furthermore, one of the largest land 3-D seismic survey programmes ever undertaken was completed in the Partitioned Zone in 2016. Processing and interpretation of the survey, which covers the entire area, has been completed, and work to mature several exploration prospects continues.

For decades, the Takula Field offshore Angola has been one of Chevron's best producers in southern Africa.

Besides upstream operations, Chevron is also active through Chevron Phillips Chemical Company, which has interest in four joint venture projects with various Saudi companies in Jubail Industrial City. We deeply value our business partnership with Saudi Arabia and its talented people.

Chevron puts a lot of emphasis on projects that provide quality development opportunities, professional training and exposure to new technology. I am proud to say we have also played an important and ongoing role in helping found, organize, direct and fund the Saudi Petroleum Services Polytechnic in Dammam.

With regard to Iraq, there were reports last year of an emerging MoU between the Iraqi government and Chevron to carry out exploratory work in Thi-Qar province. Where do things stand today?

Chevron and Iraq's Ministry of Oil have signed a MoU in which we are discussing various opportunities in the Thi-Qar province, which could be mutually beneficial to both parties.

Chevron has been active in Iraq since 2003, when Chevron provided technical training to over 100 Iraqi Ministry of Oil professionals in the US. Since then, Chevron has pursued a number of opportunities in the Kurdistan Region and Basra province. We remain excited about the potential and cooperation that we have enjoyed over the years.

Iraq is blessed with some of the largest oil fields and reserves in the world, and as a result, it could significantly increase production, increase its export revenues and provide long-term energy security.

You oversee exploration and production operations in some of the world's most important oil-producing regions — the Middle East, Africa and South America.

Block 0 offshore concession in Angola.

Do you foresee big changes in the dynamics of these regions — for instance, unconventional plays in South America or new discoveries in offshore Africa?

Chevron Middle East, Africa, South America (MEASA) Exploration and Production Company is engaged in some of Chevron's most innovative and challenging projects, delivering results through strong partnerships, advanced technologies and superior project execution.

We operate in many of the major basins across the world, in partnership with premier NOCs, including YPF, in the case of Argentina. In fact, we helped initiate Argentina's shale industry, and now we are leveraging key learnings and best practices from other Chevron business units to continue to drive down unit development costs and improve resource recoveries.

Chevron's main focus in Argentina is to continue developing the Neuquén Basin's vast shale resources in Loma Campana, Narambuena, El Trapial and Loma del Molle Norte, and extend the economic life of our mature conventional business through efficient operations.

It may be of interest that we are transferring knowledge from the factory model Chevron developed in the Permian Basin in the US to Vaca Muerta. Operating in factory mode results in reduced well costs, cycle time and operating expenses, and boosts resource recovery. The key to our factory model is making performance improvement a constant, with a focus on standardizing design for every function. We are also increasing our operational flexibility to allow us to adapt to changing market dynamics.

Chevron believes a stable and predictable business environment is essential to draw investment capital on the scale that is needed to ensure growth and expansion for Vaca Muerta, a world-class shale play.

And in Africa and the Middle East?

With regards to offshore Africa, through our major investments in several African countries, we are building on our existing assets and pursuing new opportunities, as we have done on this continent for more than a century.

Today, we rank among the top producers in Nigeria, Angola and Equatorial Guinea.

We hold acreage positions in nine deepwater exploration and production blocks in Nigeria, three of which we operate. We also operate and hold a 40 per cent interest in eight concessions in the onshore and near-onshore regions of the Niger Delta under a joint-venture agreement with NNPC. Chevron supplies 40 per cent of the Nigerian natural gas market for power and is also the largest shareholder in the West African Gas Pipeline (WAGP), a 678-km pipeline that supplies gas to Benin, Togo and Ghana, as part of a broader initiative to develop the energy sector in the region. WAGP is the first regional natural gas transmission system in Sub-Saharan Africa.

"[W]e are confident that oil and gas will remain a viable component of the energy mix."

In Angola, our major operations include two exploration and production concessions, Block 0, off the coast of Cabinda province, and Block 14, in deepwater. We also have a 36.4 per cent interest in the Angola liquefied natural gas (LNG) plant, which is the first LNG project in Africa to be supplied primarily by associated gas.

In Egypt, we have a strong portfolio with operating interest in three Mediterranean offshore blocks, in separate consortiums in the North Sidi Barrani Offshore, North El Dabaa Offshore, and Nargis Offshore, as well as an exploration concession in Sector Number 1 in the Red Sea. Our portfolio in Egypt was further strengthened with the Noble Energy acquisition, adding non-operating working interest positions in the North Cleopatra (Block 7) and North Marina (Block 6) offshore Egypt's Western Mediterranean. We were pleased to add these two exploration blocks to our portfolio, and we look forward to working with our partners and the Egyptian government to help provide reliable, affordable, ever-cleaner energy that enables human progress and helps power Egypt forward. We have had an active presence in Egypt for more than 80 years through our downstream operations.

Turning again to the Middle East, we are a trusted partner in the region, with assets through the value chain, including downstream and petrochemicals. Looking ahead, we see opportunities with our legacy oil assets, recently acquired gas assets and also for new assets that can provide competitive returns.

We are glad to be back up and running safely in the Partitioned Zone, in partnership with Saudi Arabia and Kuwait, and we appreciate both governments' support that allowed operations to resume.

We have started production in the Kurdistan region of Iraq and, as I have already mentioned, we have signed a MoU with Iraq's Ministry of Oil to explore further investment opportunities.

Meanwhile, our acquisition of Noble Energy represents an extension of our strategy both in the region and also in terms of natural gas and lower carbon.

You mentioned Chevron's takeover of Noble Energy in October 2020. How does this complement your company's long-standing work in West Africa?

In early 2021, Chevron established its presence in Equatorial Guinea and Cameroon following the acquisition of Noble Energy. The addition of Equatorial Guinea provides Chevron with three fields in both oil and natural gas, a methanol plant joint venture and a shared exploration opportunity with Cameroon. These two countries sit in Chevron's Nigeria Mid-Africa Business Unit.

In 2017, the governments of Equatorial Guinea and Cameroon signed a MoU confirming the Yolanda discovery in Block I offshore Equatorial Guinea and the Yoyo discovery offshore Cameroon. We look forward to working with both governments to help the countries realize the economic benefits the discoveries can provide.

Chevron investments offshore Equatorial Guinea involve more than 60 per cent of the country's hydrocarbon production. Our position in Equatorial Guinea provides opportunities to continue to monetize resources through existing regional capacity.

The Noble Energy merger further strengthened the company's upstream portfolio in the African continent.

The COVID-19 crisis has heightened concerns about the investment climate for oil and gas and has given impetus to calls for an accelerated energy transition. Some of the biggest corporate names in oil have announced plans to scale back their oil and gas portfolios and, in some cases, rebrand themselves as diversified energy companies. Where does Chevron fit into this picture?

At Chevron, we are confident that oil and gas will remain a viable component of the energy mix. However, we also believe the future of energy is lower carbon.

Our goal is to deliver affordable, reliable, ever-cleaner

The West African Gas Pipeline (WAGP) supplies gas to Benin, Togo and Ghana

energy that enables human progress and delivers superior stockholder value in any business environment.

To achieve all of the above, we are lowering our carbon intensity cost efficiently, increasing renewables and offsets in support of our business and investing in low-carbon technologies to help enable commercial solutions. We are confident that we will accomplish our energy transition goals with our strong governance, risk management, business strategy and climate policy principles.

We are also confident that our actions will help to make energy and supply chains more sustainable, which will in turn help industries and our customers achieve their own lower-carbon goals. We have established ambitious yet achievable metrics on carbon-emissions reductions. To enable others to track our performance, we aim to lead the industry on transparent carbon-emissions reporting, which will align metrics by commodity based on our equity interest.

Meanwhile, our recent report, *Climate Change Resilience: Advancing a Lower Carbon Future,* offers further insights into the steps we are taking. We aim for the report to address questions about our role in global efforts to address climate change, our approach to innovation to scale climate solutions, our strategy and portfolio and our positions on important climate policies.

Chevron is committed to an energy economy that works for everyone.

The market collapse last year hammered investment — the International Energy Agency (IEA) says global capex fell by around 32 per cent. Chevron has lowered its capex guidance from upwards of $22 billion to between $14bn

and $16bn for 2022 to 2025. How concerned are you about the longer-term implications of these reductions on operations, especially if demand makes a strong rebound?

It has been a difficult time for everyone, not just in our industry, but everyone around the world has been impacted by the pandemic.

COVID-19 reduced the demand for our products globally, as much of the world has spent significant periods shut down and trying to manage the pandemic. This created a significant reduction in oil and gas demand, which OPEC and the industry independently took steps to address.

We have seen some recovery over the past few months, which is encouraging, and we feel positive about these improvements in demand. But we also believe we are not going to be back to the pre-COVID-19 demand levels for a while.

However, the fundamentals for our business are solid because the products we produce help to fuel the world and are fundamental to everyday life.

In relation to the impact on Chevron specifically, we have made some disciplined choices to balance our short-term cash flow and preserve the long-term value of our business.

As I already mentioned, we entered this period with a very strong balance sheet because we have been capital disciplined, and we continue to have a strong balance sheet.

Back in March and April of 2020, when things really got tough, we quickly reduced our flexible capital programme across our portfolio. We suspended all our discretionary projects and reduced our capital expenditures significantly, by between 30 and 40 per cent.

We are now continuing to work on improving efficiency across all of our operations and assets. That is critical because our company must remain competitive and agile. We have a unique portfolio, with long-lived legacy assets that will produce for decades with modest investment needed and also short-cycle projects in places like the Permian, Argentina, Canada and also in Colorado.

Meanwhile, we can bring investment back up and running when fundamentals dictate. Our cost structure, our capital flexibility and our portfolio are all geared for future shifts in demand.

As far as demand is concerned, near term, there are plenty of barrels that are being held back from the market, which is currently fairly well supplied.

Longer-term, due to our diversity across assets and geographies, our portfolio is robust and resilient. Also, our asset mix enables us to be flexible as we respond to possible changes in supply and demand, including potential low-carbon scenarios like the IEA Sustainable Development Scenario.

Our intent is to have strategies that drive our actions to enable human progress and deliver industry-leading results and superior stockholder value in any business environment.

Africa, especially the Sub-Saharan region, still has the world's highest levels of energy poverty despite many years of progress to expand access. Based on your extensive experience in the region, what needs to happen to get more power to more people and what role do you see oil and gas playing in these efforts?

Affordable, reliable and ever-cleaner energy is necessary for social and economic progress. We are guided by this purpose, and our work makes this progress a reality for thousands of people in our host countries.

If you look at the challenges in Sub-Saharan Africa, for example, there are millions of people in this region who are living without access to electricity and millions more only have access to very limited or unreliable electricity. It is estimated that only 28 per cent of health facilities have access to reliable electricity in Sub-Saharan Africa, yet energy is critically needed to run life-saving equipment in hospitals.

So, we are leveraging our people and expertise to solve this very complex problem of energy poverty, by developing reliable ever-cleaner energy.

We are working hard to deliver the energy the world needs, and we are seeing the results of our work in our host countries, such as through our Nigeria gas projects. As I said earlier, Chevron is a key supplier for Nigeria's natural gas power market, as well as the largest shareholder in WAGP, the first regional natural gas transmission system in Sub-Saharan Africa. In Nigeria, Chevron works closely with the NNPC, relevant government agencies and industry stakeholders to advance domestic gas supply, especially for power and other industrial uses.

"We are working hard to deliver the energy the world needs, and we are seeing the results of our work in our host countries, such as through our Nigeria gas projects."

Clay Neff during a working visit to Escravos Tank Farm and Terminal, the operation hub of Chevron Nigeria.

One important consideration for us at Chevron are the UN Sustainable Development Goals (SDGs). I feel I can speak for my colleagues at Chevron and say we are proud to contribute to the SDGs, which we view as a system of targets that build on each other to achieve a more sustainable future.

SDG 7 is designed to ensure access to affordable, reliable, sustainable and modern energy for all. We have a long history of solving complex challenges, and we will continue to innovate and work for a better future for our communities, host countries and our workforce. Our business regions have made a lot of progress towards Goal 7, and our hope is that energy continues to become more sustainable and widely available to everyone.

What is the most important lesson you have learnt from the COVID-19 experience?

That health initiatives are extremely important, especially in the developing world. If you look at how COVID-19 has impacted communities globally, you will see how critical it is to have good medical infrastructures in place.

A pandemic like the one we are experiencing and other global challenges impact developing countries in more drastic ways.

For example, a lack of access to energy may hamper efforts to contain COVID-19 across many parts of the world. Energy services are key to preventing disease and fighting pandemics, from powering healthcare facilities and supplying clean water for essential hygiene, to enabling communications and IT services that connect people while maintaining social distancing.

Chevron, along with our partners, has had a tangible positive impact through our decade-long investments in areas like HIV-AIDS, malaria, sickle cell and other diseases, as well as through improvements to medical facilities and building the capability of professional healthcare workers.

During this current pandemic, we have and continue to provide strong support to our host governments and partners to bring not only critical funding, but also equipment and expertise to the countries where we operate. We have contributed approximately $5 million in support of COVID-19 response initiatives across the Chevron MEASA region, and more than $29m globally as a company.

All images, unless otherwise stated, courtesy of Chevron.

OPEC participates in the International Monetary and Financial Committee Meeting

On April 8, 2021, OPEC Secretary General, Mohammad Sanusi Barkindo, took part in the International Monetary and Financial Committee Meeting, which is part of the spring meetings of the International Monetary Fund and the World Bank Group's Board of Governors. The* OPEC Bulletin *reports.

Mohammad Sanusi Barkindo, OPEC Secretary General.

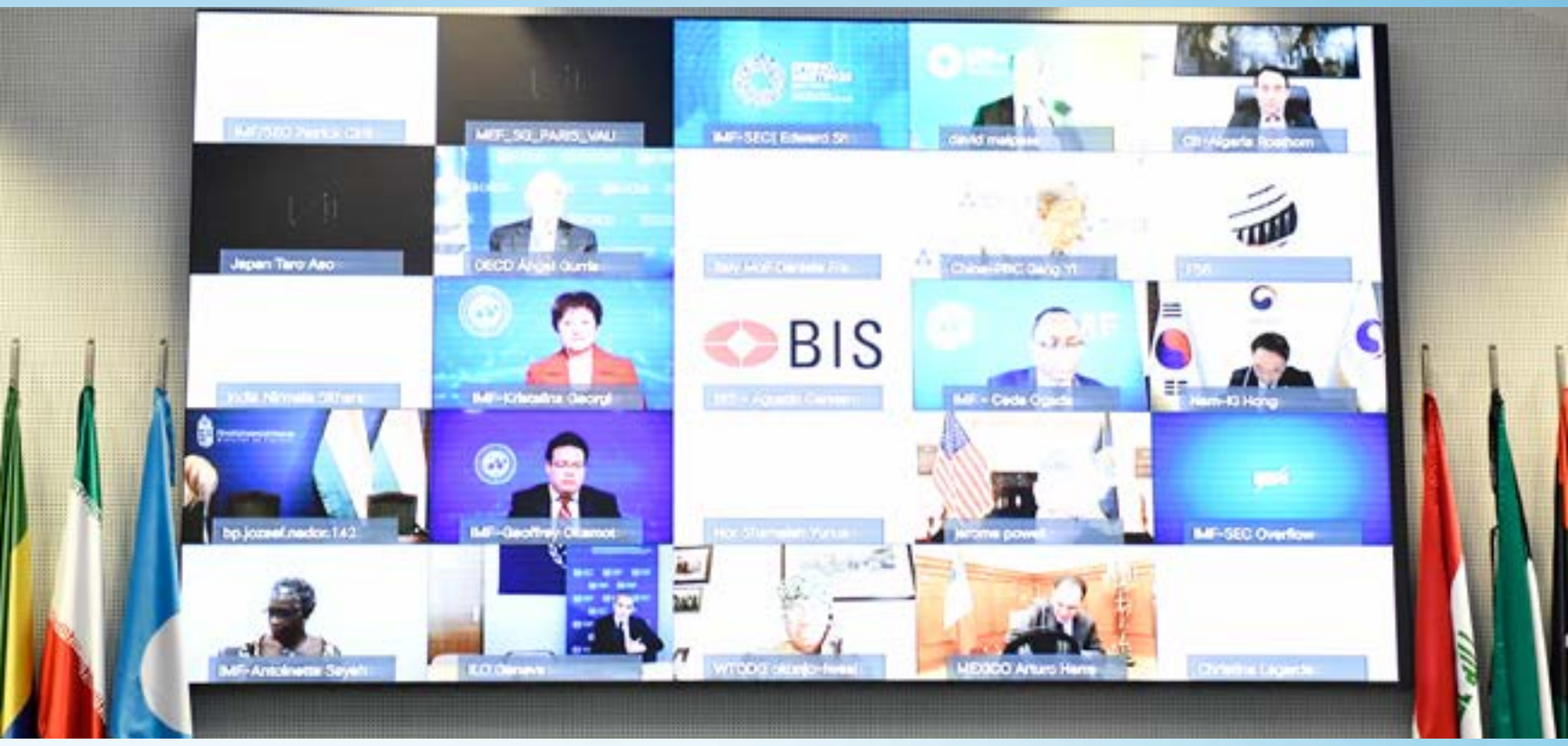
The 43rd Meeting of the International Monetary and Financial Committee (IMFC), which was held via videoconference and chaired by Ms Magdalena Andersson, Minister for Finance of Sweden, focused on the world's ongoing efforts to recover from the economic fallout brought on by the COVID-19 pandemic a little more than one year ago.

The IMFC is made up of central bank governors and finance ministers and serves as the main advisory body to the IMF Board of Governors. With 24 members, the Committee meets twice a year, usually in the spring and autumn, to deliberate on the core policy issues facing the IMF.

International cooperation essential

In his statement, the Secretary General noted that the world economy and the global oil market were currently recovering from one of the most severe crises seen in recent history, adding that both domains had recently witnessed improved prospects.

The Secretary General highlighted the importance of international energy cooperation in responding to large-scale uncertainties, presenting the historic 'Declaration of Cooperation' (DoC) as a successful and proven framework that has supported oil market stability during two cycles of high volatility.



Participants attending the virtual IMFC meeting.

"In response to the global [pandemic] and the massive oil demand contraction, OPEC and ten non-OPEC participating countries under the DoC acted swiftly and decisively to contribute to more stability in the oil market by voluntarily adjusting [oil] production," Barkindo stated, adding: "These [voluntary adjustments] are the largest and longest in duration in the history of the oil industry, lasting until well into 2022."

The Secretary General explained that OPEC Member Countries and their DoC partners were united by a common cause and, through solidarity and unity, were able to respond effectively to market challenges, confirming their unwavering commitment to sustainable oil market stability.

"These joint efforts succeeded in driving down the high level of commercial oil inventories," he added.

A sustainable and inclusive recovery

In the official *communiqué* that was released after the event, the IMFC said that, although the global economy has started to recover, there is still much to be done to ensure this recovery is both sustainable and equitable across the world's diverse geographies.

"The global economy is recovering from the crisis faster than expected last October, thanks to an unprecedented policy response and rapid progress in vaccine development," the *communiqué* reads. "But the prospects for recovery are highly uncertain and uneven within and across countries due to varying policy space, different economic structures and rigidities, pre-existing vulnerabilities, and uneven access to vaccines. Elevated financial vulnerabilities could pose risks, should global financial conditions tighten swiftly. The crisis may cause extended scarring and exacerbate poverty and inequalities, while climate change and other shared challenges are becoming more pressing."

A unified response

The Committee stressed the need for global stakeholders to unite in their common efforts to end the pandemic and ensure an equitable recovery.

"We will continue to work together to end the pandemic everywhere and secure a strong, sustainable, balanced, and inclusive recovery."

In closing, the Secretary General re-emphasized OPEC's long-standing goals of supporting oil market stability that underpins economic growth and prosperity for all energy stakeholders.

"OPEC would like to take this opportunity to reaffirm its longstanding commitment to supporting oil market stability for the mutual benefit of consuming and producing nations, contributing significantly to addressing the common challenges to the global economy."

Multi-Disciplinary Training Course attracts strong participation

Dr Ayed Al-Qahtani, Director, Research Division.

The 21st Multi-Disciplinary Training Course (MDTC) attracted a high number of participants this year, with 47 joining from nine OPEC Member Countries. A shortened version of the event was held via webinar from March 29–31, due to the COVID-19 pandemic.

L–R: Leonardo Sempértegui, General Legal Counsel; Shakir M A Alrifaiey, Head, Office of the Secretary General; Dr Ayed Al-Qahtani, Director of the Research Division (DRD); Jose Luis Mora, Head, Finance & HR Department.

Director of the Research Division (DRD), Dr Ayed Al-Qahtani, held opening remarks in which he stated that OPEC is honoured and pleased to host the MDTC, which is now more than two decades old, in part because it allows OPEC experts to meet the best in the industry from OPEC Member Countries.

The goal of the training programme is to inform participants about the various offices and departments within the Secretariat and how they aid OPEC in fulfilling its mission.

OPEC's wide range of research activities, which are carried out within the Research Division, were discussed in detail. Analysts examine daily, weekly, monthly and yearly data to uncover trends and feel the pulse of the oil market in order to advise OPEC Member Countries and participating 'Declaration of Cooperation' (DoC) countries.

"The Petroleum Studies Department looks at the short-term market outlook, while the Energy Studies Department investigates medium- and long-term issues related to the energy and oil markets," Al-Qahtani explained. "Inside of this is the Environmental Matters Unit, which is increasingly important these days, in light of climate change talks and the energy transition. We will dive deep into data issues as well, which are the bread and butter of our industry."

A powerful team

The offices work together with each other as part of a powerful team, making the Secretariat a true Centre of Excellence in the energy world, Al-Qahtani added.

Although OPEC could not properly celebrate its 60th anniversary due to COVID-19, said the DRD, the work of the Organization in helping stabilize the oil market over 2020 has propelled OPEC to new heights.

"Without the hard work and laser concentration of our dedicated DoC participants, the oil market may have completely crashed. They, in turn, relied on the Secretariat and the efforts of our steadfast staff to steer the industry through the roller-coaster year 2020 turned out to be. We had more meetings, more reports, and more intensive interaction than ever before.

"Over 60 years, we have accomplished

incredible milestones. Our Member Countries banded together all those decades ago to gain control over their natural resources from Western powers and international oil companies. Today we have our own national oil companies, many of which are at least as powerful as the IOCs of old."

Expanding dialogue

Al-Qahtani added that OPEC and its Member Countries are now respected members of the international energy dialogue, including producer-consumer dialogue, which has broadened out widely over the past few decades. The pandemic has led to an even greater expansion in dialogue efforts, as more voices were needed in the face of the unprecedented situation.

"Over 60 years, the oil market has seen ups and downs, as it is wont to do. Many times, the death of OPEC was predicted, yet it came back stronger and wiser each time. We find ourselves in the midst of the seventh and most difficult oil cycle, instigated by an unprecedented drop in demand due to the COVID-19 pandemic. We have extensively researched the other six cycles in order to learn from them and evolve; these lessons could be applied expeditiously when confronted with this most recent calamity," he said.

The DRD then discussed the development of the DoC, which has been revolutionary on many fronts. It changed the old philosophy of 'each for himself' to one of dialogue, transparency and trust for the benefit of energy security and mankind as a whole. Furthermore, recognizing that producer countries are all in the same boat regarding upcoming challenges such as climate change and the energy transition allows them to work together in a cohesive way and, in the future, to address issues of common concern while also seizing new opportunities and solutions.

He added that he hopes MDTC participants would have a chance to exchange their great resources and knowledge with that of the other participants and experts who are also participating in the event.

"This is a golden opportunity, the likes of which you will not see often in your career!

"Our industry is bright and full of hope. We have always been the innovators and the problem-solvers, and our skills will be more necessary in the future than ever before. Our figures in the most recent *World Oil Outlook 2020* confirm that oil will continue to hold of the biggest share of the energy pie in 2045. We will be called upon to use our talent and knowledge to help support the energy transition and drive technology that will greatly reduce and finally remove carbon from the industry supply chain."

A new beginning

The Head of Finance and Human Resources, Luis Mora, closed the programme, stating that with the coming of spring is the feeling of a rebirth worldwide, filled with hope that the COVID-19 pandemic may finally lose steam in the face of worldwide immunizations.

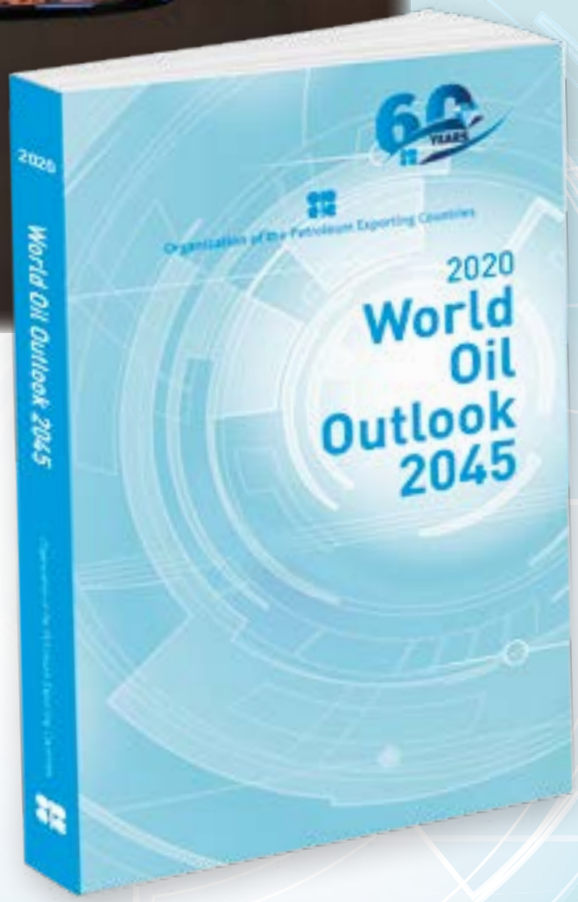
"The oil market was also strongly affected by the pandemic. It faced unprecedented demand destruction back in March and April of last year, as lockdowns took hold and society ground to a halt. Together over the past year, as a powerful and unified group, the OPEC and non-OPEC participants in the 'Declaration of Cooperation' overcame incredible odds."

OPEC is continuing with its restorative efforts during this delicate recovery phase, he stated, including the holding of regular monthly meetings of the Joint Technical Committee, the Joint Ministerial Monitoring Committee and the OPEC and non-OPEC Ministerial Meetings. This will ensure a smooth transition over the pandemic recovery, stated Mora.

"So let us celebrate this spring as a rebirth of communication, collaboration and humanity for one another. The pandemic is in its dying days, we hope, and, so far, we have conquered and prevailed. We are stronger and more knowledgeable than we were before. This goes not only for us all as individuals, but for OPEC as an institution and the DoC participants."

He added the participants of this year's MDTC are now part of the OPEC Family, and he hopes that they may use the knowledge they gained to support their home country industries and further their own career goals.

"You are the leaders of tomorrow, both within our industry and within your own countries."



Avaliable online now:

woo.opec.org

Download the app:

Android/iOS

SAUDI GREEN INITIATIVE

Custodian of the two Holy Mosques, King Salman Bin Abdulaziz Al-Saud of Saudi Arabia.

HRH Prince Mohammed bin Salman bin Abdulaziz, Saudi Arabia's Crown Prince, Deputy Prime Minister and Minister of Defence.

Saudi Green Initiatives elevate regional efforts to combat climate change

In addition to being one of the world's largest oil producing countries, the Kingdom of Saudi Arabia has committed to significantly enhance its efforts to address climate change through two recently announced programmes aimed at promoting sustainable development and reducing the environmental footprint both nationally and across the region.

By Ayman Almusallam

The Red Sea Coral Reef.

On March 27, Saudi Arabia announced two green initiatives — the 'Saudi Green Initiative' and the 'Middle East Green Initiative' — which are expected to accelerate the Kingdom's transition towards a lower carbon future.

The initiatives were presented by His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, Saudi Arabia's Crown Prince, Deputy Prime Minister and Minister of Defence, who noted that the two new programmes are expected to bolster the country's efforts to combat climate change, while helping to protect the environment and promote sustainable development.

HRH Prince Mohammed bin Salman said that while Saudi Arabia is a leading global oil producer, it fully understands its share of responsibility in combating climate change and intends to take a leadership role on this issue. He added that Saudi Arabia and the wider Middle East region face significant challenges related to the environment, including air pollution and desertification, which pose immediate risks to the economy.

On the 'Saudi Green Initiative', the Crown Prince emphasized the national initiative would help increase green areas, alleviate carbon emissions, reduce pollution and land degradation, and preserve marine life. The programme includes the planting of around ten billion trees in the country during the coming decades and the restoration of around 40 million hectares of degraded lands. These enhancements are expected to increase the Kingdom's tree cover 12-fold from its current status. Through the programme, Saudi Arabia will also endeavour to increase the share of protected areas to reach more than 30 per cent of its total land area and launch several projects that focus on marine and coastal environment protection.

The Crown Prince also stressed that the national initiative will aim to decrease carbon emissions by more than four per cent of global contributions through the development of a renewable energy programme, which aims to supply 50 per cent of the country's energy needs by 2030.

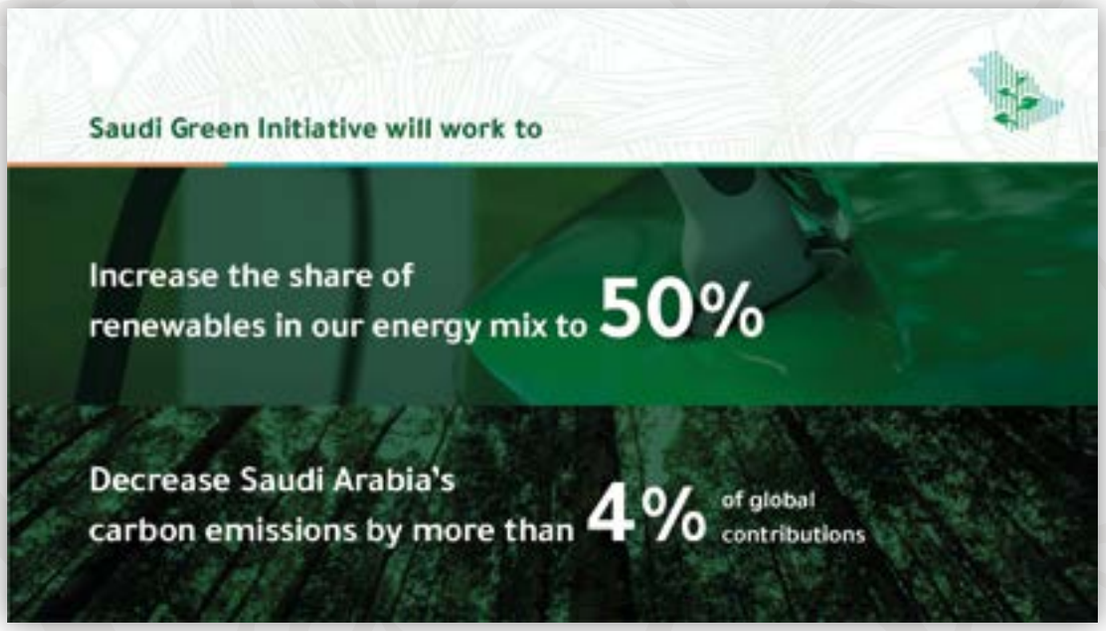
Regional impacts

HRH Prince Mohammed bin Salman underscored the significance of the 'Middle East Green Initiative', as a way for the Kingdom to demonstrate its commitment to making positive environmental change across the region in working with its regional partners, many of which are OPEC Member Countries.

The initiative's goal is to plant an additional 40 billion trees in the region while helping rehabilitate around 200 million hectares of degraded land and reducing carbon levels. He added that inefficiencies in hydrocarbon production and the use of clean energy are among the key topics that will be discussed with regional partners.

"I am proud to announce the Saudi and Middle East Green Initiatives, but this is only a start," the Crown Prince stated. "The Kingdom, the region, and the world needs to go much further and faster in combatting climate change. Given our starting point, beginning this journey to a greener future has not been easy. But in line with our overall modernization philosophy, we are not avoiding tough choices."

The Crown Prince emphasized that economic



development and addressing climate change go hand in hand.

"We reject the false choice between preserving the economy and protecting the environment," he stated. "Climate action will enhance competitiveness, spark innovation, and create millions of high-quality jobs. Young people, both in the Kingdom and the world, are demanding a cleaner, greener and more inclusive future, and we owe it to them to deliver on this. The Kingdom will work with all international partners to further develop these two initiatives."

The initiatives come after the Kingdom held the Presidency of the G20 during a period of unprecedented volatility in the global economy and the energy sector brought on by the COVID-19 pandemic and its devastating effects.

During its Presidency, Saudi Arabia established a special environmental taskforce and elevated the circular carbon economy concept and its '4Rs' — reduce, reuse, recycle and remove — to the global energy agenda. Saudi Arabia, which is one of OPEC's Founder Members, has recently announced several other strategic projects, including *The Line* and *Riyadh Vision*, in efforts to modernize and enhance the Kingdom in support of its Vision 2030.

OPEC welcomes the new initiatives

In a press statement released after the announcement, OPEC welcomed the Kingdom's new green initiatives, highlighting their potential to make significant inroads in addressing environmental matters both in Saudi Arabia and across the region, as well as in support of efforts on the global stage.

OPEC Secretary General, Mohammad Sanusi Barkindo, noted that the 'Saudi Green Initiative' and the 'Middle East Green Initiative' represent an important contribution to the global efforts to combat climate change.

"The recently announced initiatives are timely and form an important part of the Kingdom's efforts to address environmental challenges and climate change. With these initiatives, the Kingdom continues to steer its global engagement on energy and environmental policies through the principle of 'common but differentiated responsibilities'," the Secretary General stated.

OPEC and its Member Countries, beyond their commitments to sustainable oil market stability, are actively pursuing efforts to address climate change, promote sustainable development and advocate for lasting solutions to eradicate the scourge of energy poverty.

OPEC's 13 Member Countries have all signed the Paris Agreement and most of them have ratified it. The Secretary General urged all Member Countries to ratify the Agreement before the 26th UN Climate Change Conference of the Parties (COP26), scheduled to take place in Glasgow, Scotland, from November 1–12, 2021. This would further demonstrate the Organization's ongoing commitment to the environment and sustainable development.

The 15th OPEC and non-OPEC Ministerial Meeting of the historic 'Declaration of Cooperation' (DoC), which was held on April 1, 2021, and saw its 23 participating countries reaffirm their commitment to a stable oil market, endorsed the two initiatives in a press release.

> ***"Young people, both in the Kingdom and the world, are demanding a cleaner, greener and more inclusive future, and we owe it to them to deliver on this."***
>
> *— HRH Prince Mohammed bin Salman bin Abdulaziz*

The DoC's participants commended Saudi Arabia for taking a leadership role on environmental matters through the two initiatives, which will help accelerate efforts to meet global climate change mitigation targets.

The meeting noted that the oil and gas industry can be part of the solution to climate change, highlighting that OPEC possesses critical resources and expertise that can help meet the challenge of reducing global greenhouse gas emissions.

"The group will explore ways to enhance collaboration in this important area. G20 Leaders have already endorsed the strategy advanced by Saudi Arabia to deal with climate change: the circular carbon economy and its 4Rs — reduce, reuse, recycle, and remove, as an inclusive and balanced solution for dealing with greenhouse gas emissions," the press release added.

Global recognition

Since their announcement, the initiatives have received an outpouring of support from countries, international organizations and institutions, including Iraq, Kuwait, Oman, the United Kingdom, Egypt, the United Nations, the Arab League, the Arab Parliament, the Gulf Cooperation Council, the Organization of Arab Petroleum Exporting Countries, the Organisation of Islamic Cooperation and the United Nations Economic and Social Commission for Western Asia.

In a phone call with Saudi Arabia's Crown Prince, Sheikh Nawaf Al Ahmad Al Jaber Al Sabah, Emir of Kuwait, expressed his support of the 'Middle East Green Initiative' and lauded the Kingdom's efforts, emphasizing Kuwait's readiness to work together to bring the plan to reality. The two leaders also discussed the initiative to plant 50 billion trees in the region as part of one of the largest reforestation schemes worldwide.

During his visit to Riyadh on March 31, Mustafa Al-Kadhimi, Prime Minister of Iraq, commended the 'Saudi Green Initiative' and the 'Middle East Green Initiative', noting that the projects reflect the Kingdom's ambition and determination to protect the environment and promote sustainable development.

The United Kingdom's Secretary of State for Foreign, Commonwealth and Development Affairs, Dominic Raab, welcomed Saudi Arabia's green initiatives in a tweet, noting that they serve as "an important step in their climate ambition." He added that the UK, as COP26 President, will work with the Kingdom "to support its drive to protect the planet" ahead of the meeting in Glasgow.

Stéphane Dujarric, Spokesman for the UN Secretary General António Guterres, stated in a press briefing that the UN is "following with great interest the efforts made by countries like Saudi Arabia to step up their climate ambitions," adding, "We very much look forward to hearing more from the Kingdom and other G20 Members on April 22nd at the meeting that is s being organized by the United States."

In praising the initiatives, Ali bin Sabt, Secretary General of the Organization of Arab Petroleum Exporting Countries (OAPEC), said that the two initiatives present plans for Saudi Arabia and the region that aim to preserve and protect nature through a well-defined and ambitious roadmap. He noted that the projects demonstrate the Kingdom's dedication to taking action in support of

Arabian tiger cub preservation, part of the Saudi Green Initiative's plans to protect and preserve the Kingdom's land, animals and marine life.

addressing climate change and signal the Kingdom's forward-looking leadership role in regional efforts to adapt to a lower-carbon future.

The way forward

At the Leaders Summit on Climate, which was organized by the United States and saw the participation of around 40 world leaders, the Custodian of the two Holy Mosques and Saudi Arabia's Monarch, King Salman Bin Abdulaziz Al-Saud, underlined the need for a comprehensive and equitable approach to combatting climate change, one that recognizes the unique needs and circumstances of each country to achieve sustainable development. He added the vital importance of international cooperation in successfully overcoming climate change challenges.

"These challenges recognize no national borders. The objective is sustainable development. And in order to achieve this, there must be a comprehensive methodology that takes into account the different development circumstances around the world," the Custodian of the two Holy Mosques stated.

He also announced some key events that will be organized in support of the two new initiatives.

"Enhancing the level of international cooperation is the optimal solution to meet the challenges of climate change. We will work with our partners to achieve [the initiatives'] goals by hosting this year the Green Saudi Initiative Forum and Middle East Green Initiative Summit."

The Kingdom also announced its intention to join hands with Canada, Norway, Qatar and the United States in founding a Net-Zero Producers Forum, which will serve as an open dialogue platform for oil and gas producers to exchange views, outlooks and strategies on common efforts in support of meeting global targets set out in the Paris Agreement.

In a joint statement, the Forum's founding members wrote: "Canada, Norway, Qatar, Saudi Arabia and the United States, collectively representing about 40 per cent of global oil and gas production, will come together to form a cooperative forum that will develop pragmatic net-zero emission strategies, including methane abatement, advancing the circular carbon economy approach, development and deployment of clean-energy and carbon capture and storage technologies, diversification from reliance on hydrocarbon revenues and other measures in line with each country's national circumstances."

Saudi Arabia's Ministry of Energy highlighted that the Kingdom remains committed to the full implementation of the Paris Agreement on climate change while taking into consideration unique national conditions. It added that the Kingdom continues to see technology and innovation as key factors in decreasing greenhouse gas emissions.

Looking ahead, the Custodian of the two Holy Mosques, in his remarks to the Leaders Summit, eloquently presented the Kindgom's ultimate goal of ensuring a clean environment for coming generations.

"Finally we would like to affirm our keenness and commitment to cooperation to combat climate change, in order to create a better environment for future generations, wishing success for our efforts to protect our planet," he said.

> ***"The recently announced initiatives are timely and form an important part of the Kingdom's efforts to address environmental challenges and climate change."***
>
> *— Mohammad Sanusi Barkindo, OPEC Secretary General*

All images unless otherwise stated, courtesy https://saudigreeninitiative.org.

UN report shows air travel remains in a slump after hard landing in 2020

More people are expected to return to the air in 2021, but the latest projections show another year of depressed passenger numbers — especially in the international travel segment. The OPEC Bulletin reports.

Civil aviation continues to face a slow take-off following the turbulence of 2020, with the number of people travelling by air in 2021 expected to remain at half the pre-pandemic levels.

The number of air passengers fell by an unprecedented 60 per cent globally last year, according to the International Civil Aviation Organization (ICAO). While 2021 is expected to see a pickup in demand, especially with domestic travel, total passenger traffic could fall by up to 54 per cent compared to the boom year of 2019.

In its latest economic assessments of the COVID-19 pandemic, ICAO reported that 1.8 billion people travelled by air in 2020 compared to 4.5bn in 2019, a throwback to 2003's numbers.

The decline was especially severe in April and May last year, when many airlines around the world grounded their fleets as COVID-19 infections surged.

Strict COVID-19 safety measures are carried out in the interior of aircraft cabins.

Passenger numbers dipped below 50 million for each month, compared to 350m in January 2020. Although travel picked up during the course of the year, the passenger count in December 2020 was less than 150m, or 43 per cent of the 350m people who flew a year earlier.

"With the wide-scale lockdown measures, border closures, and travel restrictions being set out around the world, by April, the overall number of passengers had fallen 92 per cent from 2019 levels, an average of the 98 per cent drop-off seen in international traffic and 87 per cent fall in domestic air travel," ICAO said in a statement accompanying the release of its pandemic impact report for 2020.

For the year 2020, domestic passenger traffic globally fell by half while the impact on international travel was far more severe, declining by 74 per cent.

The ICAO's latest analyses expect an overall reduction of 1.9 billion to 2.4bn passengers in 2021 compared to 2019, a 43 per cent decline in the best-case scenario, or 54 per cent in the worst-case outlook.

International travel remains the hardest hit, with an overall decline of 1.2–1.4bn passengers, down 64 to 76 per cent compared to pre-pandemic levels. The outlook for domestic travel is better, with passenger numbers falling by 750m to around 1bn, representing a decline of 29–38 per cent when matched with 2019.

The numbers of people flying in January and February 2021 were at their lowest since mid-2020, though these months are traditionally a slower time of year for the industry. In 1Q21, the North America and Asia-Pacific regions were leading the rebound in total seat capacity on airlines. Seating capacity was flat in Africa, Europe, Latin America and the Caribbean, as well as in the Middle East.

Impact on oil demand

The aviation slump has contributed to the decline in oil demand, according to the 2020 edition of *OPEC's World Oil Outlook (WOO)*.

Oil demand in the aviation sector fell by almost 50 per cent in 2020 on an annual basis, according to the *WOO*. It projects that this will partly recover in 2021 and continue growing thereafter, though demand will not likely reach 2019 levels again until 2023–24.

ICAO notes that passenger aviation will begin to recover in 2021. But, as with oil demand, much depends on efforts to contain the pandemic and the pace of vaccinations.

The ICAO's most optimistic outlook expects passenger numbers to begin rising steadily by June, while a more pessimistic scenario sees the sector recovering more slowly.

"The actual impacts will depend on duration and magnitude of the outbreak and containment measures, the degree of consumer confidence for air travel, and economic conditions," the ICAO noted in a report published at the end of March 2021.

Based in Montréal, Canada, ICAO is a specialized UN agency with 193 member states. Its impact reports cover passenger data since 1945.

High-flying ambitions

Prior to the COVID-19 pandemic, the aviation industry was on a steady growth path. Airlines carried 4.2bn passengers in 2018, according to the World Bank, nearly double the number in 2009. Last year was set to be another bumper year following the 4.5bn record set in 2019.

Airlines were expecting to increase international seat capacity by 3.2 per cent and domestic capacity by 3.7 per cent, an overall rise of 3.5 per cent in 2020 compared to 2019, according to an ICAO report last year. Those efforts were completely sidelined as airlines cut flights, mothballed large aircraft, scaled back expansion plans and furloughed employees. Many of the world's best-known carriers have sought out and received government support to stay afloat.

Passenger airlines, airports and service providers suffered a combined $498bn in losses and millions of jobs were cut last year, ICAO said. The current year is projected to see some improvement, but huge losses in operating revenues are forecast given expectations of a still-depressed travel market.

IR Iran and China agree on strategic partnership

The Islamic Republic of Iran and China have signed a comprehensive partnership deal on March 27 to enhance collaboration in various areas, including energy, the economy, infrastructure, security and culture.

The 25-year agreement was signed by Iranian Foreign Minister, Mohammad Javad Zarif, and his Chinese counterpart, Wang Yi, in Tehran.

The expected boost for trade and investment between the two nations is forecast to be valued at nearly $400 billion and will encourage cooperation on energy projects related to oil and gas, nuclear power, petrochemicals and renewable energy.

Energy Intelligence reported that the agreement also calls for strengthening oil trade between the two countries, highlighting that additional agreements on upstream and downstream oil projects would be finalized.

"China is a friend for hard times," said Iranian Foreign Minister Zarif after the agreement signing. "The history of cooperation between two ancient cultures of Iran and China dates back centuries. Signing the cooperation agreement will further strengthen the ties of the two nations."

The Chinese Foreign Minister echoed these sentiments, adding that the pact will help solidify and enhance relations with an historic partner.

"Relations between the two countries have now reached the level of strategic partnership and China seeks to comprehensively improve relations with Iran," Foreign Minister Wang Yi said in a statement after the signing.

Mohammad Javad Zarif, IR Iran's Foreign Minister.

Wang Yi, China's Foreign Minister.

Iraq and Saudi Arabia enhance bilateral cooperation

The relations between Iraq and the Kingdom of Saudi Arabia are at an all-time high, following a set of high-level meetings between the leadership of the two oil producing countries.

On March 25, the Custodian of the two Holy Mosques and Saudi Arabia's Monarch, King Salman Bin Abdulaziz Al-Saud, met with Mustafa Al-Kadhimi, Prime Minister of Iraq, via videoconference.

The meeting saw both countries reaffirm their unwavering commitment to their historical bilateral ties while also expressing hope of expanding cooperation in a number of areas.

Both leaders highlighted the wide range of commonalities shared by the two nations, including mutual economic and energy-related interests, as well as their strategic geographical positions as neighbouring nations in the Middle East. Iraq and Saudi Arabia are two of OPEC's five Founder Members that established the Organization in 1960 in Baghdad.

King Salman and Prime Minister Al-Kadhimi underlined the constructive and positive role carried out by the Saudi-Iraqi Coordination Council, which aims to support cooperation and help secure the mutual interests of the two nations. They also emphasized the importance of enhancing collaboration on political and economic policies, and intensifying cooperation on issues related to trade, tourism, investment and security.

Iraq also extended its appreciation to the Kingdom for the proactive role it has been playing in combatting the COVID-19 pandemic.

Noting the need for further coordination, King Salman invited Prime Minister Al-Kadhimi to visit the Kingdom for further discussions on these matters of joint interest.

Meeting in Riyadh

This successful high-level meeting was followed by another key milestone in the growing relations between Iraq and Saudi Arabia, when Prime Minister Al-Kadhimi, along with a high-level delegation, called on His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, Saudi Arabia's Crown Prince, Deputy Prime Minister and Minister of Defence, on March 31 in the Saudi capital of Riyadh.

At the meeting, which built on the discussions held on March 25, the two leaders again emphasized the strong relations the two countries have enjoyed historically.

They also discussed potential avenues for further and deepened cooperation, particularly within the framework of the Saudi-Iraqi Coordination Council. In considering current affairs, both regional and global, both leaders noted the need for both stability and security.

Agreements and memoranda of understanding between both countries were signed outlining future investment opportunities that will help support enhanced collaboration and boost both countries' efforts in addressing future challenges of common concern. One of these initiatives involves the creation of a mutual fund with a value of roughly $3 billion to boost economic investment and promote the engagement of the private sector in both countries. Other areas of future collaboration include the completion of an electrical grid project, as well as the enhancement of multilateral diplomacy, economic diversification and development planning efforts.

Iraq praised the recently launched 'Saudi Green Initiative' and the 'Middle East Green Initiative', noting that the projects reflect the Kingdom's ambition and determination to protect the environment and promote sustainable development.

Finally, the two dignitaries reaffirmed their commitment to a stable and balanced global oil market, as well as to the mission and objectives of OPEC and the historic 'Declaration of Cooperation'.

Saudi Arabia's King Salman Bin Abdulaziz Al-Saud.

Mustafa Al-Kadhimi, Iraq's Prime Minister.

Al Jaber named Energy Executive of the Year

Energy Intelligence has chosen Dr Sultan Al Jaber (pictured), UAE's Minister of Industry and Advanced Technology and ADNOC's CEO, as Energy Executive of the Year for 2021.

The impressive and often groundbreaking work carried out by Dr Sultan Al Jaber in the interest of his home country, the United Arab Emirates, and the wider energy sector has drawn the attention of many, including Energy Intelligence (EI).

In honour of his remarkable efforts, EI has selected Dr Al Jaber as Energy Executive of the Year for 2021. The award will be presented at a ceremony during the Energy Intelligence Forum scheduled for October 4–7, 2021.

In a statement regarding Al Jaber's selection, EI said, "The award recognizes Dr Al Jaber's role in mapping a path of modernization for national oil companies. Dr Al Jaber was elected by the leaders of the world's top energy companies and is the 25th winner of this distinguished honour."

Raja Sidawi, Chairman and Chief Executive of EI, emphasized Al Jaber's ability to stay at the cutting-edge of energy development and modernization.

"Dr Al Jaber has distinguished himself as an innovator at a time of great change," he said. "He has reimagined ADNOC's operations, its strategy and its culture."

OPEC Secretary General, Mohammad Sanusi Barkindo, congratulated the respected oilman on this recognition, commending his successful track record of achievements in the energy industry.

"He is an accomplished oil technocrat who has continuously demonstrated his loyalty and unwavering commitment to his home country and the global energy industry as a whole," he said. "On behalf of the entire OPEC family, I extend my congratulations to Minister Al Jaber and wish him boundless prosperity and success in his current and future endeavours as the UAE and the world continue to seek out viable and innovative solutions to successfully and equitably navigate the energy transition."

Distinguished career

Minister Al Jaber has had a highly successful career as a public servant, taking on a range of diverse leadership roles over the years.

Since 2016, he has served as Chief Executive Officer of the Abu Dhabi National Oil Company (ADNOC) and as UAE's Minister for Industry and Advanced Technology since July 2020. Before that, he was Minister of State from 2013 to 2020 and Special Envoy for Climate Change from 2010 to 2016 and again in 2020, steering the UAE's efforts to bring the International Renewable Energy Agency (IRENA) to Masdar City, a pioneering research complex devoted to renewable energy that Al Jaber also chairs.

Al Jaber's other prominent roles include serving on the Emirates Diplomatic Academy Board of Trustees, serving as Chairman of the Board of Trustees of the Mohamed bin Zayed University of Artificial Intelligence, as well as Chairman of both the Abu Dhabi Ports Company and the Abu Dhabi Media Company.

In terms of education, Al Jaber has a bachelor's degree in chemical and petroleum engineering from the University of Southern California, a master's degree in business administration from California State University and a doctorate in business and economics from Coventry University.

John Defterios to leave CNN after nearly 30 years

*Longtime anchor, reporter and jounalist for CNN, **John Defterios,** recently announced his intentions to leave the network to be closer to his family in London.*

Throughout his long career in television news, he has covered major world news events, including the Gulf War, the fall of the Berlin Wall and the World Trade Centre bombings and has been posted in locations across the globe, including London, Washington, New York, Los Angeles, Rome and the United Arab Emirates.

His beats have included current affairs, business and finance, as well as the global energy industry, including OPEC.

Left and above: John Defterios, Moderator at the 7th OPEC International Seminar in Vienna in 2018. Above with HRH Prince Abdulaziz Bin Salman Bin Abdulaziz Al Saud, (then) Saudi Arabia's Minister of State for Energy Affairs.

Three decades covering oil, energy and OPEC

In a letter to Defterios, OPEC Secretary General, Mohammad Sansui Barkindo, congratulated him on his long and successful career to date, most of which was with CNN.

"I want to congratulate you heartily on your more than three decades of financial news and current affairs reporting, following your departure from CNN," Barkindo wrote. "You fully deserve the send off CNN provided and the plaudits from colleagues and friends the world over for your insightful, consistent and honest journalism."

Defterios' various assignments covering the global energy industry brought him countless times to OPEC Member Countries and to the Organization's headquarters in Vienna for OPEC Conferences, OPEC Seminars and other events.

"You have regularly interviewed OPEC Secretaries General and other major players in the industry from ministers to CEOs, always seeking the truth at the heart of every matter," Barkindo stated. "I fondly recall the many interviews between us, in places such as Vienna, Algiers and Doha; always conducted with your consummate professionalism, perceptive questioning and in your trademark friendly and personable manner."

The Secretary General also expressed his appreciation to Defterios for serving as host of the OPEC Seminar, where the journalist drew upon his deep experience in television broadcasting and his expertise on the energy industry to skillfully moderate one of the energy industry's most prominent events.

"I would also like to thank you for the tremendous

Shutterstock

John Defterios, CNN's Emerging Markets Editor, at the 23rd World Energy Congress on October 10, 2016, in Istanbul, Turkey.

CNN's John Defterios (r), interviews Mohammad Sanusi Barkindo, OPEC Secretary General, at the 24th World Energy Congress in Abu Dhabi, September 2019.

support you have provided to the OPEC Seminar over the years," Barkindo stated. "You have always been a great host, offering intelligent observations and making all speakers feel at ease."

Looking ahead to next year's 8th OPEC International Seminar, Barkindo added: "We very much hope to see you at the next Seminar in June 2022."

In addition to the OPEC Seminar, Defterios has been chosen on countless occasions to chair leading forums and summits around the world, including the Atlantic Council Energy Summit, World Economic Forum, Gulf Intelligence Energy Forum, the United Arab Emirates's Government Summit, Islamic Development Bank Annual Meetings, International Monetary Fund Roundtable, International Renewable Energy Agency's Ministerial Roundtables, Africa Global Business Forum, ADIPEC, Saudi Arabia's Future Investment Initiative and St Petersburg International Economic Forum.

Barkindo noted that through the many years of their paths crossing in the industry with countless interviews and discussions on energy and oil, he and Defterios had established a strong working relationship that, over time, evolved into a personal friendship.

"On a personal note, we have been friends for over three decades and I truly hope this continues for many more," Barkindo wrote. "I will miss you at CNN, but I look forward to hearing about what comes next on your journey. The doors at the OPEC Secretariat are always open to you, and I look forward to the day we can meet again in person."

A CNN man from the start

After graduating from the University of Southern California in 1984 with degrees in journalism and political economics, Defterios got his start in broadcasting at CNN as an intern during the network's early years after being launched in June of 1980 in Atlanta.

After this, he worked for Reuters television as

John Defterios (l), Moderator at the 5th OPEC International Seminar in Vienna in 2012 with Abdalla Salem El-Badri, (then) OPEC Secretary General.

European Correspondent, US West Coast Correspondent and as special series producer for a joint venture production of *The Nightly Business Report* that aired on US network PBS.

He returned to CNN in 1992, serving first as a correspondent for Lou Dobbs *Moneyline* in New York, then as host of *World Business Today* in London. He went on to anchor the programmes *Ahead of the Curve, Business Unusual* and *CNNfn* in New York. In October 2007, Defterios began as host of *Marketplace Middle East* on CNN International and in November 2011, he started presenting the emerging markets programme *Global Exchange* from Abu Dhabi. His last assignment at the network was as Editor and Anchor of *CNN Business' Emerging Markets* programme, which was broadcast from Abu Dhabi and covered business, trade, geopolitics and energy in developing economies.

Over the span of his career, Defterios has gained noteriety for securing exclusive interviews with prominent figures, among them HH Sheikh Mohammed bin Rachid, Prime Minister of the United Arab Emirates and Ruler of Dubai; King Abdullah II of Jordan; and Ali Al Naimi and Khalid Al Falih, Energy Ministers of Saudi Arabia.

Over and above his routine news assignments and chairing international events, Defterios was called upon to anchor several special thematic programmes for CNN, including the *Global Energy Challenge, Marketplace Middle East* and *Along the Silk Road,* as well as *One Square Meter.*

Although his future plans have not been divulged as of yet, Defterios has said his intentions are to return to London from Abu Dhabi to be closer to his family.

Barkindo concluded his letter with well wishes to his old friend.

"I wish you good health, and a peaceful and prosperous life as you return to your beloved family in London," he stated. "I am sure they cannot wait to see you, and perhaps there may now also be more time for trips to your ancestral home in Greece?"

LAST STRETCH OF SAHARAN HIGHWAY IN SIGHT

Shutterstock

Final link in 4,600 km road drives regional integration

Construction of the 225 km Arlit-Assamaka road in Niger — the missing paved stretch of the Trans-Sahara Road linking Algiers, Algeria to Lagos, Nigeria, with side links to Mali and Chad — will soon be completed. Financed by the OPEC Fund and other partners, including the government of Niger, the project will help reduce the isolation of rural communities and promote regional integration.

The Trans-Sahara Road is a vital north-south trade route. Approximately 4,600 km in length, the highway is integral for moving goods from the more agriculturally endowed south to food insecure regions in the north. Niger's section of the road is around 975 km long and provides a critical lifeline for its population.

The Arlit-Assamaka stretch links the industrial town of Arlit in northern-central Niger with Assamaka, a small northerly town on the Algerian border. Constructing this 225 km-long

Niger's section of the road is
975 km long
and provides a critical lifeline for its population


Shutterstock

road linking the two areas has been a priority of the government of Niger, and the project aligns with the country's regional integration strategy of strengthening trade with other members of the Economic Community of West African States (ECOWAS)* and northern Africa neighbours.

Project works include constructing a paved road resilient to the region's harsh desert conditions and installing road marking and signage, as well as carrying out environmental works such as sand dune stabilization. Additionally, water points have been drilled at intervals along the route to provide travellers and the local population with a safe source of drinking water.

According to the United Nations Development Programme's 2020 Human Development Index Report, Niger ranks last out of 189 countries, with close to 45 per cent of the population living below the poverty line. A vast, landlocked country with a widely scattered population, Niger is heavily dependent on road transport, with no railway, and many cities and towns separated by large, uninhabited desert terrain and mountain ranges. The success of the country's exports — primarily agricultural produce, livestock and natural resources — is reliant on a dependable means of moving goods to and through neighbouring countries, to reach seaports.

Commenting on the project, OPEC Fund Country Manager Omar Al-Kadhi said: "This project is particularly strategic as it falls within the framework of Niger's regional integration development strategy aimed at fostering connections between northern and sub-Saharan Africa. The new road will help Niger achieve several development goals, such as poverty alleviation, job creation and the less expensive transfer of goods and services to and from neighbouring countries.

"The project will also support the Agadez region — one of the poorest in the country — and open up access to social amenities, especially education and healthcare facilities. Civil works are progressing well and we expect the project to be fully completed by the end of the year. Not only has the local population benefited from temporary jobs during the construction phase, there will also be permanent job opportunities in road maintenance and at service stations along the route."

The OPEC Fund's contribution to the project is $10 million out of a total project cost of around $100m. Financing is also being provided by the African Development Bank, the Arab Bank for Economic Development in Africa, the Islamic Development Bank, the Kuwait Fund for Arab Economic Development, the Saudi Fund for Development, as well as the government of Niger.

* *ECOWAS countries are Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo. Read more about ECOWAS here: https://www.ecowas.int/*

THE OPEC FUND AND NIGER

Including the present loan, the OPEC Fund has committed close to $200 million to help boost Niger's socio-economic development. $61m of this was directed to the transportation sector and comprises the following projects:

Niamey Express Highway

$15m

To rehabilitate a 9.6 km road connecting the Diori Hamami International Airport to the city centre, benefiting over 1.2m people.

Bella II — Gaya — Border with Benin Road Rehabilitation

$10m

To foster socio-economic development of the Dosso and Gaya provinces in the south-west and promote regional integration between Niger, Benin and Nigeria by rehabilitating a 73 km-long road.

Niamey-Ouallam Road

$12m

To rehabilitate 94 km of the Niamey–Ouallum road in the Tillaberi Region in the southwest, which is the first portion of a 300 km national road that links the capital city Niamey with Mali's border.

Say-Tapoa Road Rehabilitation

$9m

To facilitate transport of agricultural goods and encourage regional integration and trade by upgrading an important segment of National Road 27, a key route that connects the agricultural district of Say to the capital, Niamey.

Zinder-Agadez Road

$5m

To construct a section of road linking two key agricultural areas.


Shutterstock

Head, Finance and Human Resources Dept

Deadline: May 31, 2021 — Job Code: 9.1.01

The objectives are to provide services related to managing the human and financial resources of the Organization. The Department is responsible for, budgets, accounting and internal control as well as human resources planning and management. The Department comprises two organizational sections: the Finance Section and the Human Resources Section.

Objective of position

Plans, organizes, coordinates, manages and evaluates the work of the Finance & Human Resources Department in accordance with the work programme and budget of the Department so as to optimize its support to the Secretariat in achieving its overall objectives. The work covers responsibilities of policies, development and management of human resources and of setting up and managing the Secretariat's annual budget.

For further details see: www.opec.org/opec_web/en/6389.htm

Head, Administration and IT Services Dept

Deadline: May 31, 2021 — Job Code: 10.1.01

Within the Support Services Division, the Administration and IT Services Department coordinates all matters pertaining to administering and providing services to the Secretariat including managing the building and its offices; and to handle office services, conference services, travel, documents and visa; communication and logistics; office supplies and documentation; security; safety and parking; and to furnish IT infrastructure facilities and support.

Objective of position

The Head plans, organizes, coordinates manage and evaluate the work of the Administration and IT Services Department in accordance with the approved medium term and annual work programmes and budget of the Department so as to optimize its support to the Secretariat in achieving its overall objectives.

For further details see: www.opec.org/opec_web/en/6387.htm

Head, PR and Information Department

Deadline: May 31, 2021 — Job Code: 8.1.01

The Department is responsible for presenting OPEC objectives, decisions and actions in their true and most desirable perspective; disseminating news of general interest regarding the Organization and the Member Countries on energy and related matters; and carrying out a central information programme and identifying suitable areas for the promotion of the Organization's aims and image.

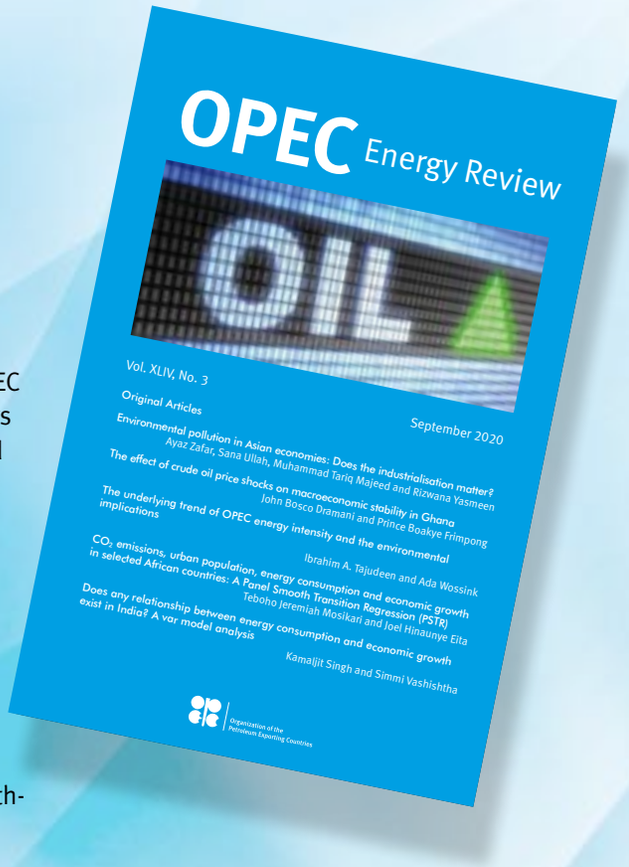
Objective of position:

Plans, organizes, coordinates, manages and evaluates the work of the PR and Information Department in accordance with the work programme and budget of the Department so as to optimize its support to the Secretariat in achieving its objectives. The work aims at creating and maintaining a positive image of the Organization and at ensuring the dissemination of publications and journals at highest professional standard.

For further details see: www.opec.org/opec_web/en/6388.htm

More open vacancies can be found at: www.opec.org/opec_web/en/32.htm

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 exchange of ideas. Its scope is international.

The three main objectives of the publication are to:

1. Offer a top-quality platform for publishing original research on 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 that 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 the journal's readership, articles will be considered covering relevant economics, policies and laws, supply and demand, modelling, technology and environmental matters.

The OPEC Energy Review welcomes submissions from academics and other energy experts. Submissions should be made via Scholar One at: https://mc.manuscriptcentral.com/opec (registration required).

A PDF of "Author Guidelines" may be downloaded at Wiley's OPEC Energy Review page at: http://onlinelibrary.wiley.com/journal/10.1111/(ISSN)1753-0237/homepage/ForAuthors.html

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)*.

Downstream Oil Industry Analyst

Deadline: May 31, 2021 — Job Code: 5.3.02

The Energy Studies Department monitors, analyzes and forecasts world energy developments in the medium and long term and reports thereon, in particular providing in-depth studies and reports on energy issues. It monitors developments and undertakes specific studies on energy demand and production-related technology, assessing implications for OPEC. It identifies and follows up key areas of energy-related emerging technologies and research and development (R&D), facilitates and supports planning and implementation of collaborative energy-related R&D programs of Member Countries, as well as identifies prospects for OPEC participation in major international R&D activities. It carries out studies and reports on developments in the petroleum industry, providing effective tools for carrying out model-based studies of analyses and projections of energy supply/demand and downstream simulation. It elaborates OPEC Long Term Strategy and monitors, analyzes and reports on relevant national or regional policies (fiscal, energy, trade and environmental), assessing their impacts on energy markets

Objective of position:

To study and analyze developments in the refining, petrochemical and oil transportation/distribution sectors; to assess the implications of technological advances, environmental policy and other relevant developments for the downstream oil industry; and to conduct qualitative and quantitative studies on the medium to long term outlook for the downstream oil sector; to contribute to the *World Oil Outlook*.

For further details see: www.opec.org/opec_web/en/employment/6360.htm

Statistical Systems Coordinator

Deadline: June 30, 2021 — Job Code: 3.2.01

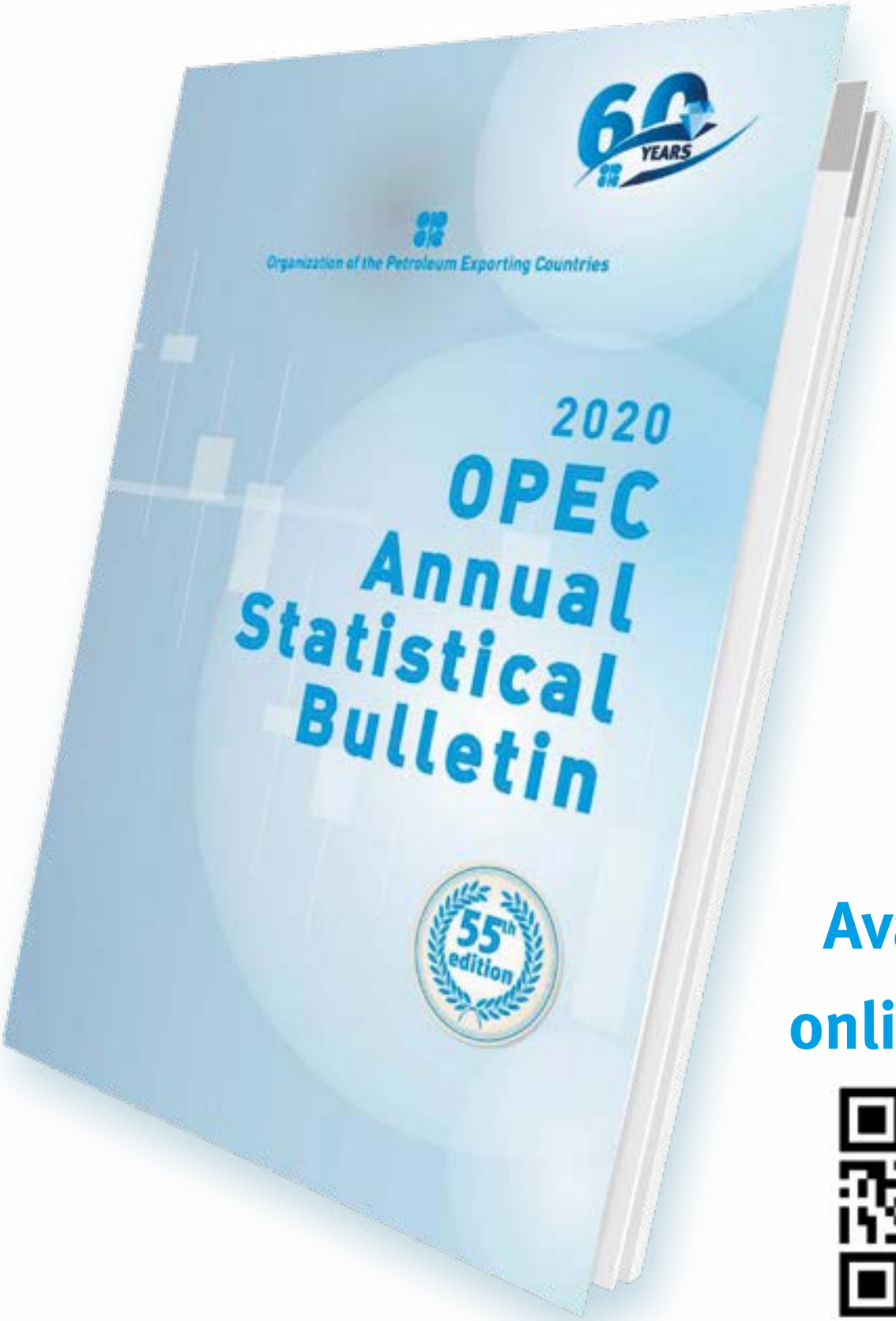
The Data Services Department collects, retrieves and provides statistical data as support to the research and analytical studies in the other Research Division Departments and other activities of the Secretariat. It also develops up-to-date IT applications and database systems, and provides specialized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

Objective of position

To assist the Head of Data Services Department and to coordinate, supervise and carry out statistical activities, to manage and guide staff assigned to the Statistics Group in identifying, collecting, storing and retrieving statistical data for the Secretariat and in providing statistical assistance to researchers in the Secretariat; to carry out statistical research in energy, oil and economics related projects and other administrative tasks relating to the Group.

Details: www.opec.org/opec_web/en/employment/6433.htm

More open vacancies can be found at: www.opec.org/opec_web/en/32.htm



Financial Analyst

Deadline: June 30, 2021 — Job Code: 4.2.02

The prime objectives of the Department are:

- To provide pertinent and reliable information and analyses in support of decision-making and policy-making in Member Countries.
- To carry out, on a continuous basis, research programmes and studies on short-term petroleum market developments with the aim of issuing reports on a regular (ie daily, weekly, monthly and bi-monthly) as well as ad hoc basis highlighting important issues for their use and consideration.
- To conduct regular forecasts, elaborate and analyze oil market scenarios and prepare and publish reports on these findings.
- To promote OPEC views and technical analysis on short-term oil market developments to the industry at large and general public via the OPEC Monthly Oil Market Report (especially the feature article) as well as other reports, presentations and related pod casts.
- To prepare and contribute to reports to be submitted to the ECB, the BOG and the MMSC, as well as papers for various OPEC publications.

Objective of position:

To monitor and analyse the short-term impact of financial market developments, in particular commodity markets on petroleum markets, as well as the performance of major oil companies, including national oil companies; and to carry out special studies on pertinent issues.

Details: www.opec.org/opec_web/en/6388.htm

Alternative Sources of Energy Analyst

Deadline: June 30, 2021 — Job Code: 5.2.02

The Energy Studies Department monitors, analyzes and forecasts world energy developments in the medium and long term and reports thereon, in particular providing in-depth studies and reports on energy issues. It monitors developments and undertakes specific studies on energy demand and production-related technology, assessing implications for OPEC. It identifies and follows up key areas of energy-related emerging technologies and research and development (R&D), facilitates and supports planning and implementation of collaborative energy-related R&D programs of Member Countries, as well as identifies prospects for OPEC participation in major international R&D activities. It carries out studies and reports on developments in the petroleum industry, providing effective tools for carrying out model-based studies of analyses and projections of energy supply/demand and downstream simulation. It elaborates OPEC Long Term Strategy and monitors, analyzes and reports on relevant national or regional policies (fiscal, energy, trade and environmental), assessing their impacts on energy markets.

Objective of position

To study, analyze and evaluate developments of global coal and non-hydrocarbon primary energy sources with particular attention to their technical and economic potential, technology, economics and drivers, such as policies, taxation, market structuring, strategies of key players, etc. To conduct studies on relevant issues on coal and non-hydrocarbon sources of energy, including production, use by sector and region as well as potential for fuel substitution and to assess their impact on world energy mix and on the demand for oil; contribute to the *World Oil Outlook.*

Details: www.opec.org/opec_web/en/employment/6435.htm

More open vacancies can be found at: www.opec.org/opec_web/en/32.htm

OPEC 8th International Seminar

... new date ... new date ... new date ... new date ... new date ...

June 29–30, 2022

Hofburg Palace, Vienna, Austria

The 8th International OPEC Seminar will be held under the theme:

'Towards an inclusive energy transition'

www.opec.org

Visit our website

www.opec.org

Summer oil market outlook

April 2021

Global oil demand in 2021 is forecast to grow by around 6.0 million barrels/day (m b/d) y-o-y. The year started with new waves of COVID-19 infections, necessitating renewed lockdown measures in many OECD economies. Therefore, the bulk of consumption growth is expected to take place in 2Q21 and 3Q21, with global demand y-o-y growth projected at 12.0m b/d and 6.5m b/d, respectively. Gasoline is projected to be the key driver for oil demand recovery beginning with the onset of the summer driving season. Diesel will also provide support, mostly based on economic improvements stemming from the implementation of fiscal stimulus programmes.

As the spread and intensity of the COVID-19 pandemic are expected to subside with the ongoing rollout of vaccination programmes, social distancing requirements and travel limitations are likely to be scaled back, offering increased mobility in various parts of the world, especially in OECD regions. In the US, data for 1Q21 showed that total gasoline consumption losses are smaller compared to previous months, implying that the impact of COVID-19 on gasoline demand is starting to fade, while data for jet fuel consumption remains far below normal levels. Moreover, the easing of restrictions and increased demand expected in the traditional summer driving season should lift global gasoline requirements even further. Despite projections showing a marked improvement in gasoline demand compared to 2020, consumption in the summer months is still not expected to surpass 2019 levels due to COVID-19 related challenges. Global gasoline demand is estimated at 24.0m b/d in 1Q21, forecast at 25.6m b/d in 2Q21, 26.7m b/d in 3Q21 and 25.4m b/d in 4Q21.

On the other hand, diesel consumption is projected to be driven by positive developments supported by sizeable stimulus programmes in many economies, most notably the US. These programmes are expected to encourage growth in industry and infrastructure, particularly in Asian economies, including construction of buildings and roads along with increased demand for agricultural products. The demand for diesel is estimated at 26.3m b/d in 1Q21 and projected at 26.6m b/d in 2Q21, 27.4m b/d in both 3Q21 and 4Q21. Nonetheless, diesel consumption is also expected to remain below pre-COVID-19 levels for the entire year.

On the refining side, the recent crude run cuts due to cold weather and maintenance have supported refining margins, mainly in the US, while remaining more or less sustained in Europe. Following refinery turnarounds scheduled for April, transport fuel demand, particularly gasoline and on-road diesel, is expected to rise steadily over the summer months, causing refinery intakes to show significant improvement and move closer to pre-COVID-19 levels. Nevertheless, refining capacity continues to exceed demand and is expected to exert pressure on margins going forward.

With regard to global inventory levels, there have been sizeable drawdowns since the middle of 2020 and these are expected to continue in the coming months, mainly due to the successful efforts undertaken by the OPEC and non-OPEC countries participating in the 'Declaration of Cooperation' (DoC) to voluntarily adjust production in response to the unprecedented demand contraction witnessed since 1Q20. These reductions in surplus inventories, as well as an expected pick up in product demand will pave the way for a cautious recovery of oil market balance in the summer months, supporting refining margins and throughputs.

Nevertheless, the large uncertainty surrounding the fragile recovery from the unprecedented impact of COVID-19 continues to require vigilant monitoring of market developments, despite the wide-ranging stimulus measures and early signs of a return to normalcy as progress continues on vaccination programmes in many major economies. The joint efforts of the OPEC and non-OPEC countries participating in the DoC continue to contribute to market stability to ensure efficient, economic and secure supplies of oil to consumers, with a fair return on invested capital.

MOMR ... oil market highlights

April 2021

Crude oil price movements — Spot crude prices rose for the fifth-consecutive month in March on the back of continuing supportive oil market fundamentals. The OPEC Reference Basket (ORB) increased $3.51 or 5.7 per cent m-o-m to average $64.56/b, the highest on monthly terms since January 2020. In the first three months of 2021, the ORB was up by $8.82, or 17.2 per cent to average $60.22/b. Crude oil futures prices were higher in March extending previous monthly gains. The ICE Brent front month rose by $3.42 in March, or 5.5 per cent, to average $65.70/b, and NYMEX WTI increased by $3.30, or 5.6 per cent, to average $62.36/b. Consequently, the Brent-WTI spread widened to $3.34/b on a monthly average. The backwardation structure of Brent and WTI markets eased over the month, specifically in the front of the forward curve. In contrast, backwardation strengthened for DME Oman and Dubai. Hedge funds and other money managers liquidated part of their bullish positions in the second half of March after market sentiment softened.

World economy — The global economic contraction estimate in 2020 is reduced after a better-than-expected actual performance by a number of economies in 2H20. As a result, global economic growth now shows a decline of 3.5 per cent y-o-y in 2020. For 2021, additional US stimulus measures and an accelerating recovery in Asian economies are expected to continue supporting the global economic growth forecast, which is now revised up to 5.4 per cent. However, this forecast remains clouded by uncertainties, including, but not limited to, the spread of COVID-19 variants and the speed of the vaccine rollout. In addition, sovereign debt levels in many regions, inflationary pressures, and central bank responses are key factors to monitor. After a contraction of 3.5 per cent in 2020, US economic growth in 2021 is now expected to reach 5.7 per cent. The GDP growth forecast for the Euro-zone in 2021 remains at 4.3 per cent, which follows a contraction of 6.8 per cent last year. Japan's GDP growth forecast remains at 3.1 per cent for 2021, after a contraction of 4.9 per cent in 2020. Following growth of 2.3 per cent in 2020, China's GDP is forecast to increase by 8.4 per cent in 2021. India's 2021 GDP growth forecast is revised up to 9.8 per cent, compared to a contraction of seven per cent in 2020. Brazil's growth forecast remains unchanged at 3.0 per cent, with government estimates showing Brazil's economy contracted by 4.1 per cent in 2020. Russia's growth forecast for 2021 remains at three per cent, after contracting by 3.1 per cent in 2020.

World oil demand — The global oil demand contraction in 2020 is revised lower by about 100,000 b/d compared to last month's MOMR, now showing a contraction of about 9.5m b/d y-o-y, with total world oil demand at 90.5m b/d. In 2021, world oil demand growth is expected to increase by about 6.0m b/d y-o-y, representing an upward revision of about 100,000 b/d from last month's report. Indeed, oil demand in the 2H21 is projected to be positively impacted by a stronger economic rebound than assumed last month, supported by stimulus programmes and a further easing of COVID-19 lockdown measures, amid an acceleration in the vaccination rollout, largely in the OECD region. Nevertheless, oil demand was adjusted lower in 1H21, mainly taking into account the recent developments related to COVID-19 measures in OECD Europe and sluggish 1Q21 oil demand data from the non-OECD region. As a result, global oil demand is expected to average about 96.5m b/d in 2021.

World oil supply — Non-OPEC liquids supply in 2020 is estimated to average 62.9m b/d, showing a contraction of 2.5m b/d y-o-y, which is an upward revision of 40,000 b/d m-o-m. The majority of the decline came from Russia and the US. Non-OPEC liquids supply for 2021 is revised down by 30,000 b/d from last month and is now forecast to grow by 900,000 b/d to an average of 63.8m b/d. In the US, higher prices could potentially translate into a higher level of production in 2021, with the drilling and completion trend indicating possible future robust monthly growth. However, the US liquids supply forecast in 2021 is expected to remain unchanged at growth of 160,000 b/d y-o-y. The other main drivers for supply growth in 2021 are expected to be Canada, Norway and Brazil. OPEC NGLs are forecast to grow by around 100,000 b/d y-o-y in 2021 to average 5.2m b/d, following an estimated contraction of 100,000 b/d in 2020. OPEC crude oil production in March increased by 200,000 b/d, m-o-m, to average 25.04m b/d, according to secondary sources.

Product markets and refining operations — Refining margins showed diverging trends in March. In the USGC margins jumped, as product markets continued to benefit from the recent rise in unplanned outages, as well as low refinery output levels due to heavy maintenance. This led to a tighter overall product balance and bullish product market sentiment, which helped keep fuel prices sustained. In Europe, refinery margins also rose, but rather moderately. On the other hand, margins in Asia performed negatively as refining economics saw losses as pressure came mainly from the middle of the barrel as the market remained well supplied.

Tanker market — Dirty tanker spot freight rates picked up in March, as gains in Suezmax and Aframax outpaced a further slight decline in VLCCs. Increases in the these vessel classes were driven by tighter tanker supply as the blockage of the Suez Canal kept ships waiting on both sides of the waterway amid uncertainties regarding when the disruption would be resolved. After the container ship 'Ever Given' was dislodged at the end of the month, rates fell back toward the lower levels seen at the start of the year. The impending emergence of 2Q refinery maintenance in Asia also reduced support by the end of the month. Clean tanker rates in March saw an improved performance East of Suez, while West of Suez routes around the Med eased from the higher levels seen last month.

Crude and refined products trade — Preliminary data shows that US crude imports were flat in March at around 5.7m b/d for the fourth month in a row, while US crude exports declined for the third month in a row, averaging 2.7m b/d, the lowest since July 2019. US product imports surged in March to average 2.5m b/d, the highest since July 2019, as weather disruptions supported inflows. Japan's crude imports were broadly stable at the stronger levels seen over the past two months, averaging 2.6m b/d in February. Product imports were the highest in over three years, averaging 1.3m b/d in February. China's crude imports achieved a four-month high in February, averaging 11.8m b/d, impacted by the Lunar New Year Holidays and stronger buying by independent refiners. Product exports edged up three per cent to average 1.5m b/d, the highest since April 2020, driven by gasoil and jet fuel. India's crude imports declined sharply in February, averaging just under 4m b/d, the lowest in four months, as COVID-19 impacts and higher prices weighed on demand. Product imports rebounded in February, to average 1.2m b/d, the highest in 13 months, driven by LPG inflows, part of a government programme to promote clean cooking.

Commercial stock movements — Preliminary data shows that total OECD commercial oil stocks fell by 44.9m b m-o-m in February. At 2,978m b, inventories were 94.1m b higher than the same month a year ago, 29m b above the latest five-year average, and around 57m b above the 2015–19 average. Within the components, crude stocks rose by 6.1m b, m-o-m, while product stocks fell by 51.0m b. OECD crude stocks were 30.8m b above the latest five-year average and 42.0m b above the 2015–19 average, while product stocks exhibited a deficit of 1.7m b to the latest five-year average, but were 15.5m b above the 2015–19 average. In terms of days of forward cover, OECD commercial inventories declined m-o-m by 1.1 days in February to stand at 68.0 days. This is 6.7 days lower than the year-ago level, 2.6 days above the latest five-year average, and 5.6 days above the 2015–19 average.

Balance of supply and demand — Demand for OPEC crude in 2020 is revised up by 100,000 b/d from the previous month to stand at 22.5m b/d. This is around 6.8m b/d lower than in 2019. For 2021, demand for OPEC crude is revised up by 200,000 b/d from the previous month to stand at 27.4m b/d. This is 4.9m b/d higher than in 2020.

The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for April 2021. 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.

Non-OPEC oil supply development

May **2021**

The year 2020 saw a sudden and unprecedented decline in oil demand due to the outbreak of the COVID-19 pandemic, which necessitated oil producing countries around the world to voluntarily shut in, or adjust, oil production in an effort to safeguard the market balance. Consequently, global liquids supply fell by 6.4 million barrels/day, y-o-y, in 2020 with non-OPEC supply declining by 2.5m b/d, following growth of 2.1m b/d in 2019.

US liquids production in 2020 fell by 800,000 b/d, compared to growth of 1.7m b/d in 2019, mainly through the voluntary temporary shut in of wells. US tight oil production declined by 443,000 b/d in 2020, which is 100,000 b/d more than the 350,000 b/d decline witnessed in 2016. However, it is worth noting that production in the Permian managed to register an increase of 100,000 b/d, y-o-y, indicating that some US tight crude production may have become more resilient to a lower oil price environment.

In addition to the considerable production adjustments from non-OPEC countries participating in the 'Declaration of Cooperation' (DoC), cumulative curtailments in Canada's production in March–June 2020 averaged around 1.8m b/d. Colombia and the UK have also contributed to the production declines in 2020. However, cumulative supply growth by 500,000 b/d in 2020 came from Norway, Brazil, China and Guyana.

With this, E&P oil and gas investment in non-OPEC countries dropped in 2020 to the lowest level seen in the last 15 years at $311 billion, and is expected to remain unchanged in 2021. This compares to a high level of $718bn seen in 2014.

In response to investor demands to raise free cash flow, US independent oil companies had already begun to reduce spending in 2H19. With the onset of the demand destruction due to the COVID-19 pandemic, US producers also throttled drilling and completion, as well as field servicing, and embarked on M&A activity to shore up balance sheets. The subsequent steady oil price recovery since 2Q20 has led to the US oil rig count rebounding to 342 units in the week to April 30, 2021, nearly double the August 2020 low. Moreover, US core oil identified frac operations indicate m-o-m increases in fracked wells since the low in May 2020 except for December and February due to seasonal bad weather. This incremental boost in activity has the potential to nudge 2021 capex levels higher, especially if the current price level continues until the end of the year. This will mean a larger operational well inventory going into 2022.

For 2021 in the OECD, US liquids output is expected to drop by 100,000 b/d, due to outages in the amount of 2.2m b/d in February, on the back of the unexpected arctic freeze in Texas. US crude oil production is expected to decline by 300,000 b/d, y-o-y, while NGLs and biofuels are forecast to increase. Elsewhere in North America, Canadian oil production, particularly Alberta's bitumen and synthetic crude, is forecast to grow by 300,000 b/d in 2021. Production growth in the North Sea and OECD Europe countries is projected to be less than 100,000 b/d, mainly coming from Norway.

In the non-OECD, Latin America remains the key driver supply growth, with a y-o-y growth forecast of 200,000 b/d. This is mainly from one large project — Sepia, located in the pre-salt horizon in offshore Brazil — which is estimated to come online in 2H21.

With this, non-OPEC liquids supply in 2021 is forecast to grow y-o-y by 700,000 b/d, to average 63.6m b/d, although uncertainties persist particularly with regard to levels of investment which is expected to determine the non-OPEC supply outlook for the years to come. Nevertheless, OPEC and non-OPEC countries participating in the DoC will continue to closely monitor these developments to ensure a secure and stable oil supply for the benefit of consumers and producers alike.

MOMR ... oil market highlights

May 2021

Crude oil price movements — Spot crude prices fell in April for the first time in six months, with North Sea Dated and WTI easing m-o-m by 1.7 per cent and 1 per cent, respectively. Similarly, the OPEC Reference Basket price declined $1.32, or 2.0 per cent, in April, to settle at $63.24/b. However, year-to-date, the ORB was 41.6 per cent, or $17.91, higher than the same period in 2020 at $60.97/b. Crude oil futures prices fell on both sides of the Atlantic, with the ICE Brent front month down 37¢, or 0.6 per cent, to average $65.33/b, and NYMEX WTI front month fell by 65¢, or 1.0 per cent, to average $61.70/b. Consequently, the Brent-WTI spread widened in April to an average of $3.62/b. The backwardation structure of all three major oil futures benchmarks lessened across the month. Hedge funds and other money managers slightly raised long positions in crude, recovering part of their net long positions from the sell-off seen in March, with gains concentrated mainly in Brent.

World economy — Stimulus measures in the US and accelerating recovery in Asian economies are expected to continue supporting the global economic growth forecast for 2021, now revised up by 0.1 pp to reach 5.5 per cent y-o-y. This comes after a 3.5 per cent y-o-y contraction estimated for the global economy in 2020. However, global economic growth for 2021 remains clouded by uncertainties including, but not limited to, the spread of COVID-19 variants and the speed of the global vaccine rollout. In addition, sovereign debt levels in many regions, inflationary pressures and central bank responses are key factors to monitor. After a contraction of 3.5 per cent in 2020, US economic growth in 2021 is now expected to reach 6.2 per cent. The economic growth forecast for the Euro-zone in 2021 is lowered to stand at 4.2 per cent, following a contraction of 6.8 per cent last year. Similarly, Japan's economic growth forecast is lowered to 3.0 per cent for 2021, following a contraction of 4.9 per cent in 2020. After growth of 2.3 per cent in 2020, China's economic growth forecast in 2021 is revised up to 8.5 per cent. Given the ongoing COVID-19 related challenges, India's 2021 economic growth forecast is revised slightly down to 9.7 per cent, compared to a contraction of 7.0 per cent in 2020. Brazil's growth forecast for 2021 remains unchanged at 3.0 per cent, after a contraction of 4.1 per cent in 2020. Russia's economic growth forecast for 2021 remains at 3.0 per cent, after contracting by 3.1 per cent in 2020.

World oil demand — World oil demand is assumed to have dropped by 9.5 million barrels/day in 2020, unchanged from last month's assessment, now estimated to have reached 90.5m b/d for the year. For 2021, world oil demand is expected to increase by 6.0m b/d, unchanged from last month's estimate, to average 96.5m b/d. Slower than anticipated demand in OECD Americas during 1Q21, together with the resurgence of COVID-19 cases in India and Brazil, caused the 1H21 oil demand data to be revised downwards. However, positive transportation fuel data from the US, and acceleration in vaccination programmes in many regions provides further optimism in 2H21. The assumed return to some degree of normality and improved mobility is also expected to positively affect regions such as the Middle East and Other Asia in 2H21.

World oil supply — Non-OPEC liquids supply in 2020 is estimated to average 62.9m b/d, a contraction of 2.5m b/d y-o-y. Non-OPEC liquids supply for 2021 is revised down by 200,000 b/d from last month's assessment, and is forecast to grow by 700,000 b/d to average 63.6m b/d. This mainly due to the US liquids production outage of 2.2m b/d seen in February, following the winter storms and freeze. Moreover, the supply forecast in Norway and Canada was also revised down, due to extensive seasonal maintenance. The main drivers for supply growth in 2021 are anticipated to be Canada, Brazil, China, and Norway, while US liquid supply is expected to decline by 100,000 b/d y-o-y. OPEC NGLs are forecast to grow by around 100,000 b/d y-o-y in 2021 to average 5.2m b/d, following an estimated contraction of 100,000 b/d in 2020. OPEC crude oil production in April increased m-o-m by 30,000 b/d, to average 25.08m b/d, according to secondary sources.

Product markets and refining operations — Refinery margins in April further extended the trends witnessed in March, with positive performance seen in the Atlantic Basin. In the US Gulf Coast (USGC), margins rose slightly, but in Europe margins increased more markedly with most of the strength derived from the gasoline and jet/kerosene segments as transportation fuel markets in both regions continued to benefit from the heavy turnarounds registered the previous month. This contributed to product tightness and hence supported prices. In contrast, margins in Asia performed negatively as refining economics exhibited losses with pressure coming mainly from the bottom of the barrel as the region remained well supplied and amid demand-side weakness resulting from rising COVID-19 cases in India.

Tanker market — Dirty tanker rates declined in April, as the improvement seen last month in the Suezmax and Aframax classes proved temporary and VLCCs rates moved sideways. Rates fell as gains in the Atlantic Basin triggered by the fallout from the February freeze in the USGC subsided. Clean rates rose across the board, except on the North West Europe-to-US East Coast route where rates fell back from the relatively strong levels seen in the prior two months. Dirty tanker rates are not expected to pick up until 2H21 or even 2022, with the latter date more likely. In contrast, the outlook for clean rates is slightly more positive.

Crude and refined products trade — US crude imports rose 200,000 b/d in April to reach 6.0m b/d, the highest in ten months. US crude exports declined to the lowest since December 2018, averaging 2.6m b/d. US product imports remained near a 19-month high while product exports rose to the highest since the February freeze disrupted USGC refineries. Japan's crude imports declined in March after three months of healthy levels, as winter heating demand dissipated. Product imports dropped back from a three-year high, averaging 1.1m b/d. In China, crude imports remained near a four-month high in March, averaging 11.7m b/d, while product exports continued moving higher, reaching a ten-month high of 1.7m b/d, driven by a strong performance of gasoil and jet. India's crude imports fell to a five-month low in March, averaging 4.3m b/d. India's product imports slipped further, while product exports jumped 32 per cent m-o-m, driven by strong outflows of gasoil.

Commercial stock movements — Preliminary data shows total OECD commercial oil stocks increased by 10.0m b, m-o-m, in March. At 2,987m b, they were 13.5m b higher than the same time a year ago, 37.8m b above the latest five-year average and 73.0m b above the 2015–19 average. Within the components, crude and products stocks rose m-o-m by 6.7m b and 3.3m b, respectively. With this, OECD commercial crude stocks stood at 3.4m b above the latest five-year average and 16m b above the 2015–19 average, while product stocks exhibited a surplus of 34.4m b above the latest five-year average and were 57.0m b above the 2015–19 average. In terms of days of forward cover, OECD commercial inventories declined m-o-m by 0.6 days in March to stand at 67.4 days. This is 11.7 days lower than the year-ago level, 1.5 days above the latest five-year average, and 5.1 days above the 2015–19 average.

Balance of supply and demand — Demand for OPEC crude in 2020 remained unchanged from the previous month's assessment at 22.5m b/d. This is around 6.8m b/d lower than in 2019. For 2021, demand for OPEC crude was revised up by 200,000 b/d from the previous month's assessment to stand at 27.7m b/d. This is 5.2m b/d higher than in 2020.

The feature article and oil market highlights are taken from OPEC's Monthly Oil Market Report (MOMR) for May 2021. 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	2020 Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2021 Jan	Feb	Mar	Apr	Weeks 14–18/2021 (week ending) Apr 2	Apr 9	Apr 16	Apr 23	Apr 30
Arab Light – Saudi Arabia	18.27	24.99	36.12	43.52	45.33	42.09	40.32	42.98	49.24	54.78	61.49	65.20	64.09	63.72	62.23	64.09	65.07	65.20
Basrah Light – Iraq	16.82	24.73	37.23	44.63	46.10	42.09	40.60	43.12	49.95	54.73	61.40	65.17	63.48	63.30	61.40	63.49	64.47	64.84
Bonny Light – Nigeria	15.54	24.86	39.03	43.46	45.40	40.78	39.64	41.91	49.59	55.01	62.24	65.57	64.17	63.03	61.40	64.25	65.17	66.38
Djeno – Congo*	11.91	21.36	32.63	35.82	37.34	33.13	32.56	35.09	42.29	47.28	54.78	58.11	57.01	55.65	54.24	57.09	58.01	59.22
Es Sider – Libya	14.58	24.56	38.68	42.17	43.69	39.18	37.71	40.24	48.09	53.08	60.83	63.56	62.11	61.01	59.34	62.19	63.11	64.32
Girassol – Angola	14.70	28.62	43.10	45.78	45.83	41.10	40.72	44.11	51.50	55.84	62.99	66.04	64.00	62.85	61.25	64.09	64.97	66.17
Iran Heavy – IR Iran	17.16	23.55	36.26	43.30	45.07	41.93	40.24	42.88	49.20	54.38	60.66	64.30	63.00	62.82	61.22	62.98	64.02	64.02
Kuwait Export – Kuwait	17.22	24.54	35.58	43.31	45.08	42.12	40.38	42.99	49.36	54.83	61.31	64.86	63.75	63.43	61.96	63.73	64.75	64.77
Merey – Venezuela	7.04	16.33	24.73	28.32	35.21	28.22	26.23	27.07	32.70	37.40	42.87	46.47	46.16	45.41	44.53	46.15	47.05	47.10
Murban – UAE	23.94	28.23	39.33	43.73	45.49	41.88	41.06	43.09	49.48	54.93	60.99	64.33	63.35	63.01	61.66	63.51	64.39	64.15
Rabi Light – Gabon	13.30	26.08	40.70	43.56	43.75	39.38	39.01	42.12	49.28	54.27	61.77	65.10	64.00	62.64	61.23	64.08	65.00	66.21
Saharan Blend – Algeria	17.08	26.31	40.48	44.12	45.64	40.98	39.76	42.59	49.99	55.08	62.38	65.76	64.01	63.13	61.24	64.09	65.01	66.22
Zafiro – Equatorial Guinea	13.40	26.76	40.79	43.82	45.19	40.62	39.99	43.41	50.43	55.07	62.46	65.99	64.75	63.50	62.09	64.94	65.86	66.57
OPEC Reference Basket	**17.66**	**25.17**	**37.05**	**43.42**	**45.19**	**41.54**	**40.08**	**42.61**	**49.17**	**54.38**	**61.05**	**64.56**	**63.24**	**62.76**	**61.20**	**63.27**	**64.23**	**64.56**

Table 2: Selected spot crude prices

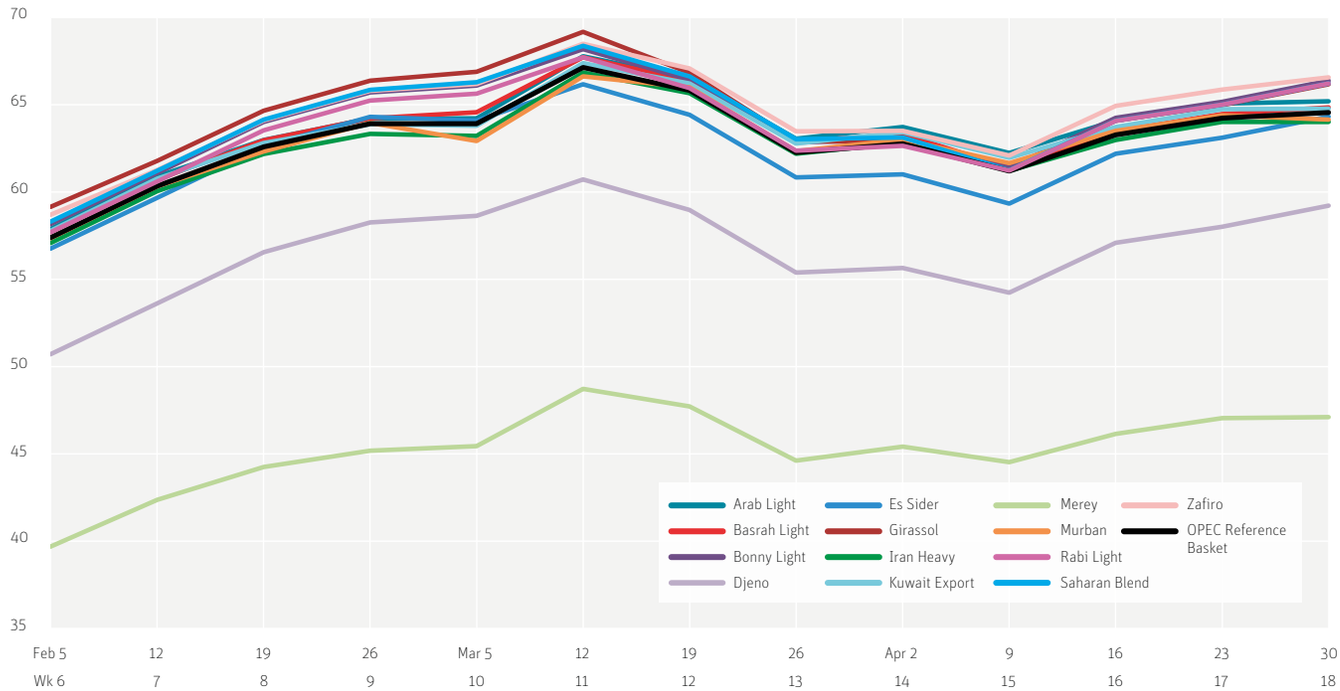
$/b

Crude/country	2020 Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2021 Jan	Feb	Mar	Apr	Weeks 14–18/2021 (week ending) Apr 2	Apr 9	Apr 16	Apr 23	Apr 30
Arab Heavy – Saudi Arabia	18.05	24.51	35.45	43.33	45.01	42.13	40.61	43.28	49.59	54.88	61.16	64.72	63.31	63.24	61.57	63.28	64.34	64.26
Brega – Libya	14.48	24.46	38.73	42.27	43.85	39.28	37.81	40.69	48.69	53.78	61.28	64.11	62.66	61.56	59.89	62.74	63.66	64.87
Brent Dtd – North Sea	18.83	28.81	40.08	43.27	44.79	40.58	40.01	42.54	49.74	54.73	62.23	65.56	64.46	63.10	61.69	64.54	65.46	66.67
Dubai – UAE	21.33	30.35	40.71	43.19	43.89	41.45	40.70	43.33	49.78	54.76	60.83	64.40	62.92	62.88	61.19	62.89	63.96	63.94
Ekofisk – North Sea	15.55	28.54	41.18	44.27	45.66	40.94	40.14	42.64	50.29	55.17	63.01	66.30	65.00	63.85	61.83	64.61	65.88	67.49
Iran Light – IR Iran	14.93	29.27	40.79	42.71	43.44	39.41	38.69	41.78	48.50	53.32	59.90	62.72	61.58	60.13	58.65	61.57	62.46	63.55
Isthmus – Mexico	7.78	25.17	35.07	38.45	41.24	38.06	38.15	40.26	46.60	52.06	58.90	61.88	60.94	60.05	58.39	61.19	61.60	62.75
Oman – Oman	23.65	33.48	41.58	43.68	44.32	41.60	41.11	43.83	50.00	54.79	60.88	64.43	63.10	63.00	61.36	63.06	64.12	63.98
Suez Mix – Egypt	14.80	29.14	40.66	42.58	43.31	39.28	38.56	41.65	48.37	53.19	59.77	62.59	61.45	60.00	58.52	61.44	62.33	63.42
Minas – Indonesia*	24.24	29.66	38.42	41.01	42.78	39.81	39.30	41.42	47.91	53.00	59.84	63.63	62.86	61.90	60.75	62.59	64.00	64.54
Urals – Russia	16.61	30.65	42.36	44.28	45.03	40.98	40.26	43.35	50.07	54.89	61.47	64.29	63.02	61.70	60.29	63.14	64.03	65.12
WTI – North America	16.52	28.57	38.30	40.75	42.36	39.61	39.53	41.52	47.05	52.11	59.08	62.35	61.71	60.68	59.33	61.92	62.16	63.46

Notes:
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.
** The Republic of the Congo joined on June 22, 2018.*
Sources: Argus; Secretariat's assessments.

Graph 1: Evolution of the OPEC Reference Basket spot crude prices, 2021

$/b



Graph 2: Evolution of selected spot crude prices, 2021

$/b

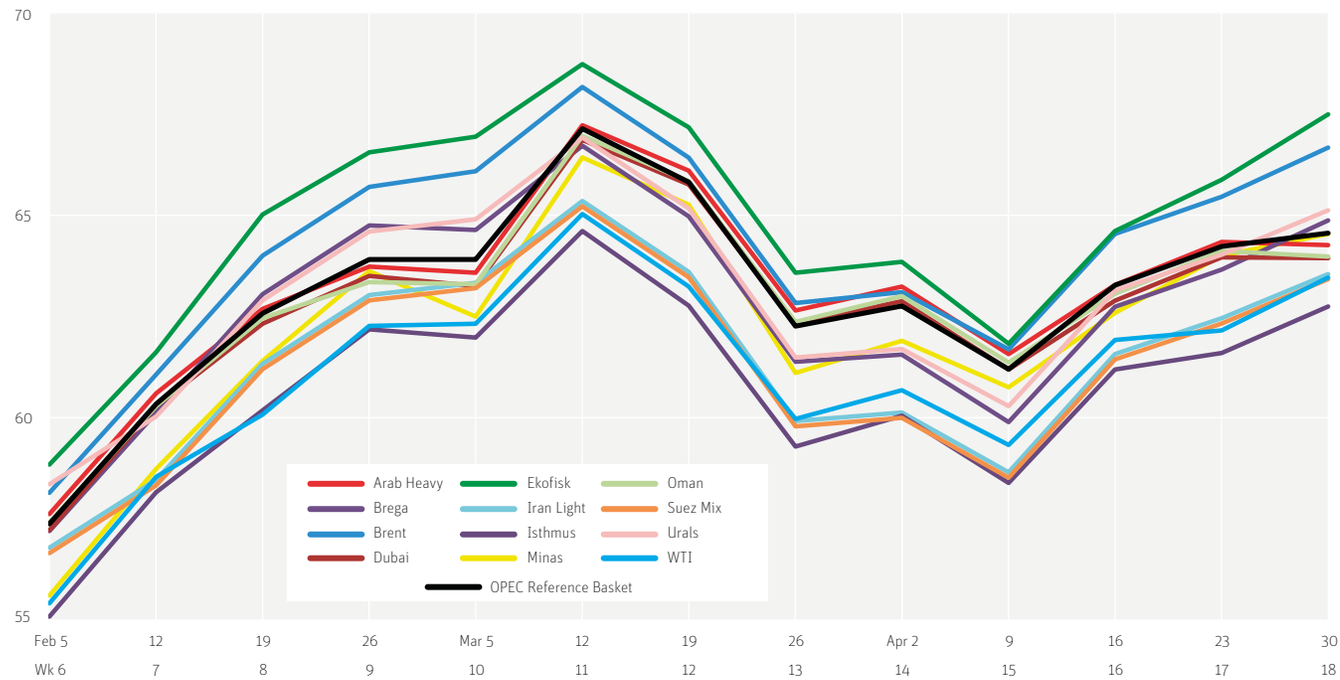


Table and Graph 3: North European market — spot barges, fob Rotterdam

$/b

		naphtha	regular gasoline unleaded	diesel ultra light	jet kero	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2020	April	15.14	27.61	23.24	33.12	22.25	15.50
	May	24.74	37.80	28.25	34.10	25.95	20.92
	June	37.59	49.75	41.26	44.56	35.88	32.56
	July	42.04	54.10	44.92	49.53	39.08	35.96
	August	41.95	53.41	44.60	49.70	41.17	39.65
	September	40.42	50.45	39.93	41.92	37.71	33.88
	October	41.26	50.19	42.55	44.17	40.57	37.12
	November	40.67	49.86	46.07	47.45	44.46	39.90
	December	47.63	55.64	54.25	55.20	50.02	43.65
2021	January	55.22	63.06	59.40	60.06	55.52	48.85
	February	61.37	70.71	66.45	67.89	63.42	54.38
	March	63.36	76.83	68.66	69.93	66.22	57.31
	April	61.70	79.81	68.65	69.58	63.84	55.90

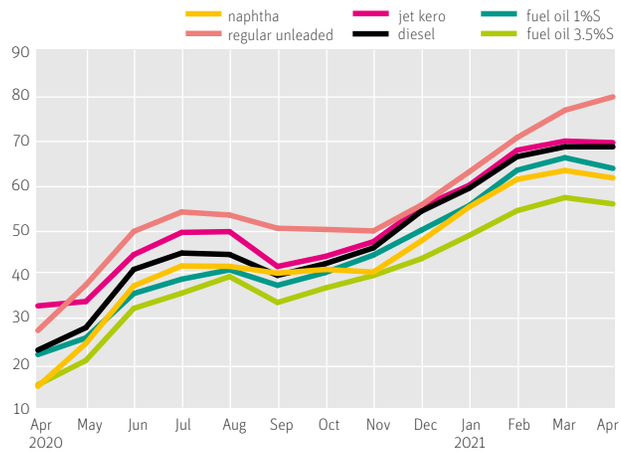


Table and Graph 4: South European market — spot cargoes, fob Italy

$/b

		naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1 per cent S	fuel oil 3.5 per cent S
2020	April	10.50	23.42	32.21	25.41	15.90
	May	22.71	32.59	35.23	28.78	21.71
	June	36.60	43.96	45.89	38.36	32.68
	July	41.56	47.45	50.49	41.68	36.18
	August	41.49	49.00	50.33	43.66	38.20
	September	39.21	48.52	44.31	40.56	34.92
	October	41.07	46.18	45.12	43.27	36.10
	November	40.34	46.11	48.17	46.17	38.25
	December	47.08	52.12	56.16	50.76	42.21
2021	January	54.51	59.87	60.93	56.45	47.80
	February	60.28	68.13	68.54	64.62	53.13
	March	62.59	74.73	70.63	67.48	55.71
	April	60.82	75.80	70.21	65.31	54.41

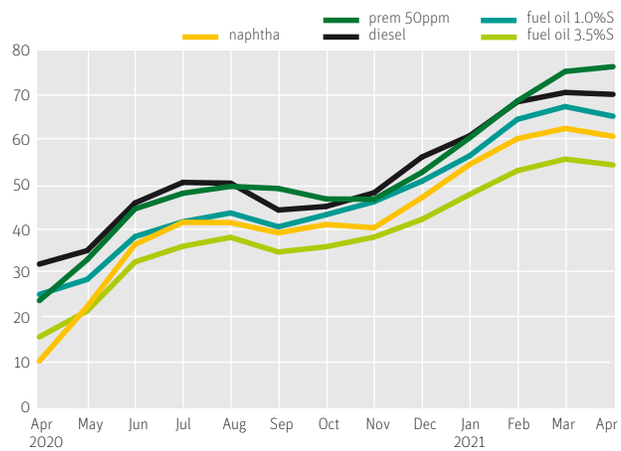
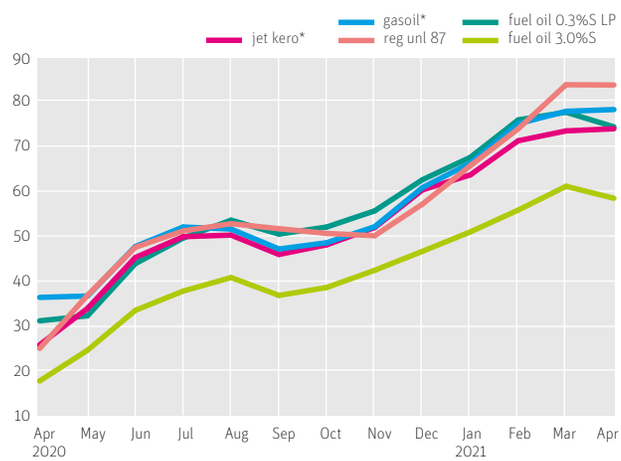


Table and Graph 5: US East Coast market — spot cargoes, New York

$/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
2020	April	24.87	36.26	25.67	31.03	17.61
	May	36.74	36.56	33.80	32.15	24.48
	June	47.44	47.62	45.16	43.79	33.37
	July	51.09	51.96	49.80	49.49	37.67
	August	52.70	51.50	50.15	53.48	40.68
	September	51.58	47.05	45.83	50.37	36.70
	October	50.53	48.45	47.99	51.96	38.47
	November	50.01	52.02	51.83	55.55	42.30
	December	57.06	60.75	60.24	62.50	46.54
2021	January	65.63	66.20	63.58	67.50	50.87
	February	73.85	75.00	71.19	75.84	55.73
	March	83.68	77.76	73.39	77.55	61.04
	April	83.63	78.15	73.87	74.30	58.36



* *FOB barge spot prices.*

Source: Argus. Prices are average of available days.

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

$/b

		naphtha	premium gasoline unl 95	premium gasoline unl 92	gasoil	jet kero	fuel oil 180 Cst	fuel oil 380 Cst
2020	April	17.86	20.49	19.42	28.85	28.32	21.35	22.23
	May	26.49	33.44	30.81	34.04	33.74	28.94	24.92
	June	39.06	45.21	42.75	46.05	45.32	41.16	34.66
	July	43.60	46.56	44.74	49.82	49.02	43.92	38.43
	August	43.08	48.18	46.96	48.10	47.61	43.28	40.60
	September	43.19	47.27	45.66	43.30	43.07	39.37	37.98
	October	41.88	45.96	44.79	43.43	43.28	41.65	38.90
	November	40.71	46.67	45.51	47.15	47.01	45.64	42.72
	December	47.80	53.43	52.40	54.50	54.40	53.87	46.08
2021	January	55.83	60.03	58.92	58.87	58.77	58.02	50.35
	February	61.85	67.83	66.36	66.70	66.45	65.15	55.74
	March	65.03	73.43	71.47	68.75	68.39	66.82	58.97
	April	62.40	73.94	71.69	67.73	67.40	66.74	57.08

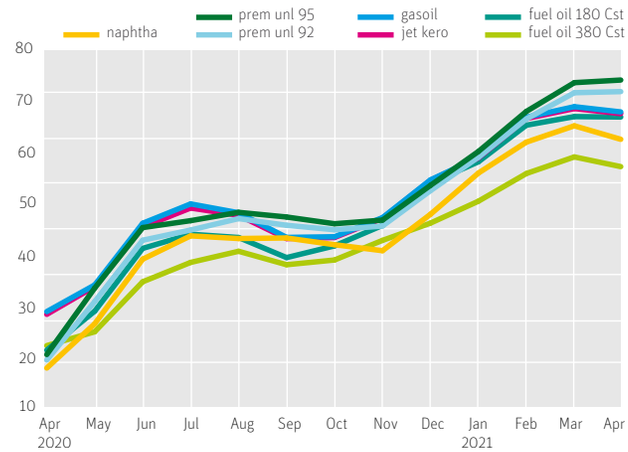
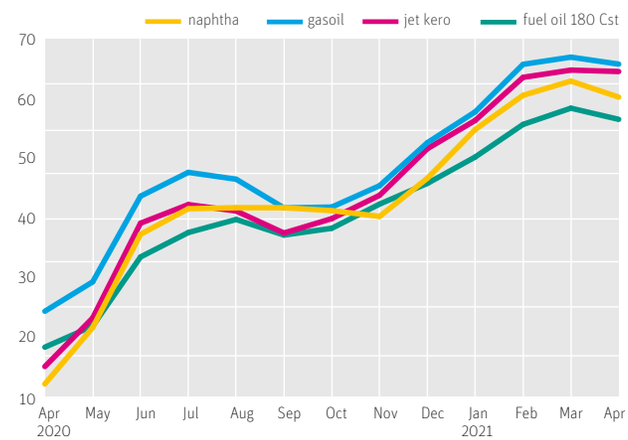


Table and Graph 7: Middle East Gulf market – spot cargoes, fob

$/b

		naphtha	gasoil	jet kero	fuel oil 180 Cst
2020	April	12.50	24.62	15.40	18.63
	May	21.91	29.52	23.50	22.15
	June	37.45	43.80	39.30	33.67
	July	41.71	47.77	42.40	37.74
	August	41.88	46.63	41.33	39.92
	September	41.88	41.85	37.66	37.32
	October	41.39	41.99	40.06	38.45
	November	40.43	45.55	43.95	42.48
	December	46.80	52.72	51.72	45.94
2021	January	54.92	57.87	56.43	50.34
	February	60.62	65.78	63.61	55.76
	March	62.99	66.98	64.82	58.47
	April	60.32	65.82	64.58	56.61

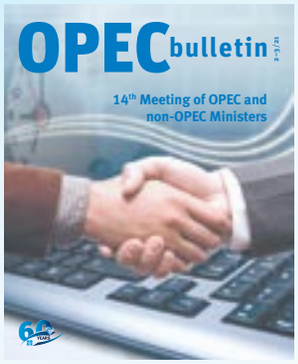
Source: Argus. Prices are average of available days.



OPEC offers a range of publications that reflect its activities. Copies can be obtained by contacting this Department, which regular readers should also notify in the event of a change of address:

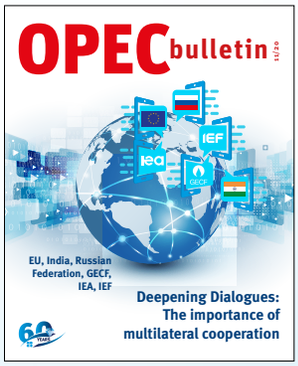
PR & Information Department, OPEC Secretariat
Helferstorferstrasse 17, A-1010 Vienna, Austria
Tel: +43 1 211 12-0; fax: +43 1 216 4320; e-mail: prid@opec.org

OPEC Bulletin
(free of charge)



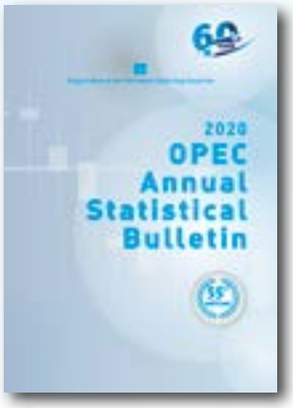
February/March 2021

December 2020/ January 2021



November 2020

Annual Statistical Bulletin 2020



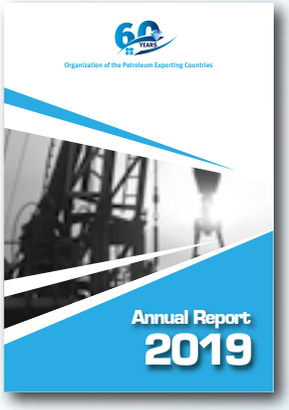
92-page book
Interactive version available at http://asb.opec.org/

World Oil Outlook 2020
(free of charge)

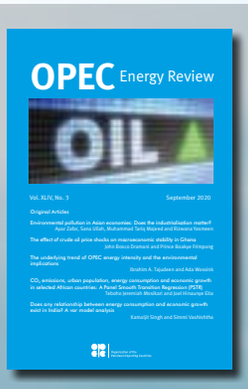
OPEC Monthly Oil Market Report *(free of charge)*

- Crude oil and product prices analysis
- Member Country output figures
- Stocks and supply/ demand analysis

Annual Report 2019
(free of charge)



OPEC Energy Review



Contains research papers by international experts on energy, the oil market, economic development and the environment. Available quarterly only from the commercial publisher. Annual subscription rates for 2015:

	Institutional			Personal
	Print	Online	Print & online	Print & online
Europe €	615	615	738	182
UK £	485	485	582	123
Americas $	814	814	977	203
Rest of world $	949	949	1,139	£123

Canadian residents, please add five per cent for GST.

Orders and enquiries:
John Wiley & Sons, 9600 Garsington Road, Oxford OX4 2DQ, UK.
Tel: +44 (0)1865 776868; fax: +44 (0)1865 714591; e-mail: cs-journals@wiley.com;
http://onlinelibrary.wiley.com/

www.opec.org