OPEC bulletin

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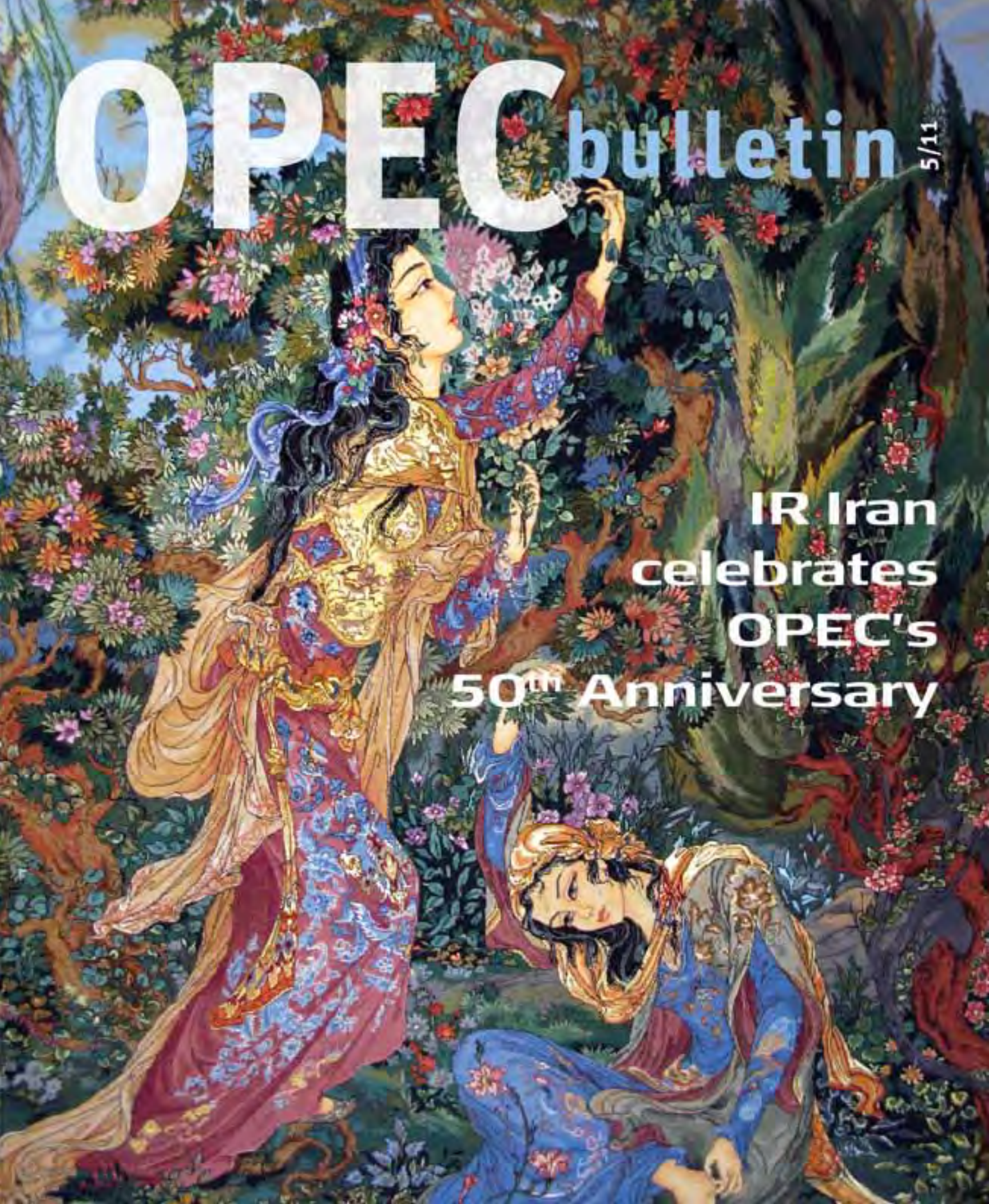

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OPEC's quest for stability, come rain or shine

Few people will predict Vienna's weather accurately on June 8.

Searing heat? Seasonal warmth? Chilly breeze? Who knows? We must wait and see.

But, whatever the weather, the Ministers will arrive on that day and OPEC's 159th Conference will begin.

And what about the state of the oil market on June 8? Well, with the high level of volatility experienced since the Conference last met on December 11, one would probably have about as much chance of accurately predicting the weather on June 8 as of accurately predicting the oil price! That is from the perspective of late May.

The high levels of volatility witnessed over the past six months have underlined once again the vulnerability of the market to influences far removed from supply and demand fundamentals.

There is no disputing the fact that, throughout this period, the market has remained well-supplied with oil. As the latest issue of our Monthly Oil Market Report puts it: "Ample spare capacity, adequate stock levels and lower demand for OPEC crude during the first half of the year are factors that should be sufficient to support market stability."

And yet, we have seen what has happened to oil prices during this same period.

On December 10, the day before our last meeting, the price of OPEC's Reference Basket was $87.65 a barrel. However, persistent upward pressure after that, with often volatile daily movements, saw it top $120/b on four occasions in April, before plunging by $8.40/b early in May, the second-biggest daily decline ever. At the same time, in the futures market, both WTI and Brent experienced the sharpest weekly decline on record, of almost $17/b.

To put all this into perspective, one must contrast it with the relatively high price stability that had prevailed for the first ten months of 2010, with crude prices settling at levels that had won wide acceptance among producers and consumers.

The monthly report adds: "The recent unwarranted volatility, however, highlights the destabilizing impact of excessive speculative activities." How true this is, during a period that saw speculative activity on the Nymex reach record highs, with open interest for WTI by mid-March exceeding 1.5 million futures contracts, which was 18 times the volume of daily traded physical crude!

Alas, we are looking at a familiar story, as far as the recent history of the oil market is concerned.

Fundamentals versus speculation. Which is the true master of the oil price these days?

The mechanisms are perhaps too complex to provide a definitive answer. Anyway, the respective influences vary according to circumstance and other external factors.

However, we wonder why people might still be asking such a question when certain underlying realities are so clear.

While, of course, the financial sector has an important role to play in the trading of oil, the matter has got completely out of hand in recent years, with oil becoming a financial asset benefiting stakeholders far removed from the actual process of getting physical oil to consumers.

Hence, oil prices tend to be influenced heavily by broader-based developments across the extensive international financial sector, and this can result in wild price movements which have little to do with the physical trading of oil. And yet it is the physical trading of oil that can be seriously impeded by this, as we have seen so often recently.

Therefore, as OPEC's Ministers begin their meeting in Vienna on June 8 — come rain or shine — they will know that, whatever decisions they may take, their efforts to ensure a stable, orderly oil market are likely to be compromised by the excessive levels of speculation that prevail today.

However, they will remain resolute in their quest for stability, because they know that an oil market driven by the fundamental laws of supply and demand will be beneficial to all stakeholders in the industry and supportive of sound world economic growth.

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This month's cover reflects the OPEC 50th Anniversary celebration in Iran (see page 6).

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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: The Editor-in-Chief, OPEC Bulletin
Fax: +43 1 211 12/5081
E-mail: prid@opec.org

Web site: www.opec.org
Visit the OPEC Web site for the latest news and information about the Organization and back issues of the *OPEC Bulletin* which are also available free of charge in PDF format.

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

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OPEC Conference to meet in Vienna in June after volatile six months

The 159th Meeting of the OPEC Conference will convene in Vienna, Austria, early next month. A lot has happened in the world and the oil market in the six months since it last met in Member Country Ecuador, in December, and there will undoubtedly be a lot for the Organization's 12 Member Country Oil and Energy Ministers to talk about. The ***OPEC Bulletin's Keith Aylward-Marchant*** *reviews the Meeting and covers some of the events that will likely feature in their discussions.*

When the doors open to the 159th Meeting of the Conference in Vienna on June 8, the assembled Ministers will start reviewing an eventful six months which have seen an unexpected return to high levels of volatility in the oil market.

The meeting itself will signify a reversion to an earlier system of scheduling, whereby ordinary meetings of the Conference are held in the middle and at the end of the year, rather than in March and September, as has been the case since 1999. It is understood that the idea is to reduce the overall number of meetings held each year and fit in better with the widespread practice of undertaking market reviews and analyses on an annual basis. Also, the recent rise to prominence of such global players as China and India has reduced the importance of market outlooks tying in so closely with Northern Hemisphere seasonal movements.

There will also be some significant changes in the Delegations, with a third of them expected to be headed by newly appointed Ministers.

Three of these changes are clear, with the appointments of: Abdul-Kareem Luaibi Bahedh as the Minister of Oil of Iraq; Dr Mohammad Al-Busairi as the Minister of Oil and the State Minister of National Assembly Affairs of Kuwait; and Dr Mohammed Bin Saleh Al-Sada as the Minister of Energy and Industry of Qatar. They replace, respectively, Dr Hussain Al-Shahristani, Sheikh Ahmad Al-Abdullah Al-Ahmad Al-Sabah and Abdullah bin Hamad Al Attiyah.

Less clear, as we went to press, was the fourth change, affecting the Islamic Republic of Iran, which currently holds the OPEC Presidency, in the light of ongoing developments affecting the country's institutions.

On the activity front, the Ministers will try to get to the bottom of what has been happening in the international oil market since the last Meeting of the Conference in Quito on December 11.

The day before that meeting, the price of OPEC's Reference Basket had been $87.65/barrel. However, that was already reflecting the early stages of an upward price trend which would continue into spring 2011. That trend had itself begun in early November, and it came after a period of relatively high price stability that had existed in the first ten months of 2010, with crude prices settling at levels which had won wide acceptance among producers and consumers.

The daily Basket price has since topped $120/b on four occasions in April, representing a rise of nearly 40 per cent since the Quito meeting, before falling heavily in May, to as low as $104.40/b on May 6. In fact, the $8.40/b drop on that day was the second-biggest decline in the daily Basket price ever. The following week, the price changed by more than $3/b on three of the five trading days. Nevertheless, despite this volatility and their decline from their April peaks, prices are still well above the level of December 10.

However, to get a truer picture of the situation, one must look at the price movements in relation to the falling value of the dollar. For example, while the price of Brent has risen by around 28 per cent in dollar terms since the start of the year, the increase is only half of this — 14 per cent — in euro terms.

The reasons for this volatility have been well-catalogued, with several clear causes. At first, there was the early start to the winter, at the same time as forecasts of a quicker-than-expected rise in oil demand and a surge of investment flows into commodity markets, including crude. Then the political events in the Middle East and North Africa began to have an impact. And, while this was happening, there was the triple disaster of the earthquake, tsunami and nuclear accident in Japan, which not only had immediate consequences for the world energy market, but would also trigger a broader, longer-term debate about the future global energy mix. All this has been set against the continuing uncertainty about the strength and sustainability of the world economic recovery.

Oil fundamentals sound

In the oil market itself, however, fundamentals have remained sound, with enough crude at all times. This has been very much due to OPEC's efforts. As OPEC's latest Monthly Oil Market Report puts it: "Ample spare capacity, adequate stock levels and lower demand for OPEC crude during the first half of the year are factors that should be sufficient to support market stability."

"Ample spare capacity, adequate stock levels and lower demand for OPEC crude during the first half of the year are factors that should be sufficient to support market stability. The recent unwarranted volatility, however, highlights the destabilizing impact of excessive speculative activities."

But the report continues: "The recent unwarranted volatility, however, highlights the destabilizing impact of excessive speculative activities." This was an apt statement, because the past half year has seen speculative activity on the Nymex reach record highs. By mid-March, for example, open interest for Nymex WTI had exceeded 1.5 million futures contracts. That was a remarkable 18 times higher than the volume of daily traded physical crude.

Therefore, when OPEC's Ministers gather in the Austrian capital for the mid-year Conference, they are likely to be frustrated once again by the realization that their very best efforts to stabilize the market may be thwarted by other influential factors that are acting in the opposite direction and feeding the volatility.

Notwithstanding this, they will remain resolute in their longstanding commitment to market order and stability, in the interests of producers and consumers alike and supportive of sound world economic growth.

El-Badri attends ceremony in IR Iran to celebrate Organization's Anniversary

OPEC @ 50: Combining strength, vision and diversity

*OPEC Secretary General, **Abdalla Salem El-Badri**, attended a Special Ceremony in Tehran in April, organized by Iran's Ministry of Petroleum, to celebrate OPEC's 50th Anniversary in 2010.*

The special gathering, convened at the Islamic Republic of Iran Broadcasting (IRIB) conference hall in Tehran, had as its three principal speakers, Dr Seyed Masoud Mir-Kazemi, Iran's then Minister of Petroleum and OPEC Conference President for 2011, Iran's OPEC Governor, Seyed Mohammad Ali Khatibi Tabatabai, and OPEC Secretary General, Abdalla Salem El-Badri, who travelled for the occasion from Kuwait, where he had attended the Fourth Asian ministerial roundtable.

The ceremony, at which an OPEC Anniversary commemorative stamp was unveiled, was held on the sidelines of the *16th Oil, gas, refining and petrochemical exhibition (see page 14)*.

OPEC used the whole of last year to celebrate its half century in existence, which was officially marked on September 14. The Organization was established in Baghdad, Iraq on that day in 1960. Throughout 2010, the Organization's Secretariat in Vienna and individual

Above: OPEC Secretary General, Abdalla Salem El-Badri (r), pictured with (then) Iranian Petroleum Minister, Dr Seyed Masoud Mir-Kazemi (c), and Iran's OPEC Governor, Seyed Mohammad Ali Khatibi Tabatabai.

Member Countries held a series of activities and functions to honour the extraordinary landmark.

Iran, one of OPEC's five Founding Members, initially planned to mark the Anniversary towards the end of last year, but had to postpone the event until this year.

In an address to the Ceremony, El-Badri told assembled guests that 50 years was a proud milestone for any global institution and that was especially the case for OPEC, which had achieved remarkable success since its creation half a century ago.

He said that when OPEC was set up in Baghdad, Iraq, in September 1960, international companies were the dominant force in the oil market.

These firms, he explained, played the major roles and derived the greatest benefit from all segments of the business — from exploration to final distribution.

"... OPEC itself started out as a challenge. In September 1960, our Organization began as a group of five oil-producing developing countries whose domestic oil sectors were dominated by powerful outside interests.

"We received only minimal financial returns from sales of our crude on world markets," he reminded his audience.

El-Badri said the founding of OPEC was a commitment based upon the need of these countries to safeguard their legitimate national interests and to ensure order and stability in the international oil market. This included gaining full sovereignty over their exhaustible, non-renewable natural resources.

"Today, as a group of independent sovereign states, we are recognised as a mature, responsible member of the international energy community.

"We are also recognized for the constructive way we respond to crises in the market, benefiting all parties."

El-Badri used as an example OPEC's agreement in December 2008 to cut output drastically, which was taken at a time when the price of oil was plummeting, as financial institutions were collapsing and the world economy was sliding into recession.

"That agreement, however, helped stabilize the market at a challenging time, for the benefit of all stakeholders."

At the time of its inception, noted El-Badri, many predicted that the new fledgling Organization, OPEC, would not last long.

Strength, vision, diversity

"Fifty years on, however, the initial gathering of five oil-producing developing countries has evolved into a solid group of 12 Members," he pointed out.

Above: OPEC Secretary General, Abdalla Salem El-Badri (r), with Safar Ali Keramati (c), Iran's OPEC National Representative; and Ehsan Jenabi, of the National Iranian Oil Company (NIOC).

"Today, as a group of independent sovereign states, we are recognized as a mature, responsible member of the international energy community."

— El-Badri

These nations, said the OPEC Secretary General, came from different parts of the world and had brought more strength, vision and diversity to the Organization. This included Members gaining full sovereignty over their exhaustible, non-renewable natural resources.

Of course, El-Badri told assembled delegates, in 50 years of existence, the Organization had witnessed its fair share of ups and downs.

"It has, however, adapted to changes, learned many lessons, advanced dialogue and cooperation, been resilient enough to overcome internal and external challenges, and become increasingly proactive and adaptive in the face of dynamic market conditions," he affirmed.

Recent challenges seen in the market were typical of those faced by OPEC over the past half century. "We have a long record of rising to such challenges, as they affect the international oil market, and overcoming them."

But he stressed that OPEC was not just concerned with the oil market. "We also address other major challenges affecting mankind. The establishment of the OPEC Fund for International Development (OFID) in 1976, of course, is a prime example of our Organization addressing the issue of poverty," he stated.

More recently, in 2007, said El-Badri, the Third Summit of OPEC Heads of State and Government referred to three guiding themes for the 'economic, energy and environmental endeavours' of OPEC and its Member Countries: stability of global energy markets; energy for sustainable development; and energy and environment.

"We also recognize that the oil industry is now operating in an interdependent world. This is why we go to great lengths to encourage dialogue and cooperation," he said.

Producer-consumer dialogue

OPEC's involvement in the high-level international producer-consumer dialogue was an example of this. So too were the separate energy dialogues the Organization had established with the European Union, Russia, China and institutions, such as the International Energy Agency and the International Monetary Fund.

"This is all in the interests of stable, secure oil markets and the receipt of steady petroleum revenue. This helps us develop our economies and provide a better life for our people," he maintained.

El-Badri told the Ceremony that the oil market had been — and would continue to be — an ever-changing arena. That was because oil was so vital to the world

Above: OPEC Secretary General, Abdalla Salem El-Badri (l), and (then) Iranian Petroleum Minister, Dr Seyed Masoud Mir-Kazemi, unveil the Iranian 50th Anniversary commemorative stamp.

"I believe that, were our five founding fathers alive today, these distinguished gentlemen would have been proud of OPEC's achievements."

— El-Badri

Above: Mir-Kazemi (l) presents El-Badri with a souvenir.

economy, it was present in everyone's daily lives and its market was truly global.

He continued that after the global financial crisis and economic recession, the past winter had seen a number of significant events that no one could have predicted at the turn of the year.

In the Asian region, there had been Japan's huge earthquake, devastating tsunami and subsequent nuclear crisis.

"Our sympathies go to all those affected by these catastrophic events."

And, in the Middle East and North Africa (MENA) region, unrest had been witnessed in a number of countries.

"Our thoughts and prayers are with all those civilians who have suffered terribly in their daily lives. Where there is still unrest, it is hoped that peaceful solutions can be found soon," he said.

Impact on energy markets

These events, said El-Badri, as well as the continued uncertainties surrounding the global economy, had obviously had an impact on oil and energy markets.

"However, the oil markets, which, as I have said, are global in nature, have adjusted rapidly, in terms of both volume and quality. Consequently, and as OPEC has indicated many times, there is no shortage of oil anywhere in the world," he stated.

"Moreover, stock levels remain high, OPEC's spare capacity is around 4.5 million barrels/day, even after the recent disruptions, the refining system has adequate flexibility, and the Organization's current production is at the level it was in December," he added.

Nonetheless, continued El-Badri, they had all seen prices rising in the first quarter of the year and speculator activity on the New York Mercantile Exchange (NYMEX) had surged to record highs.

For example, he said, by mid-March, open interest for

NYMEX West Texas Intermediate (WTI) crude exceeded the unprecedented level of 1.5 million futures contracts.

"This is 18 times higher than the daily traded physical crude. Such an increase has been the result of concern about supply deteriorating further beyond the current situation," he explained.

El-Badri said the price rises had been even more pronounced at the consumer end, where the effects of taxation in various countries had been felt greatly.

"OPEC has played its role by ensuring that the market remains well-supplied with crude. And so it would be helpful at this challenging time if consuming countries, that have high levels of tax on oil products, consider revising down these levels — at least temporarily — to alleviate the impact on end-consumers," he said.

"These are exceptional circumstances that need exceptional remedies," he added.

Turning his attention to the Ceremony's host, El-Badri said that as a Founder Member of OPEC, Iran had been a key player in the Organization's achievements throughout its history.

It was directly involved in the formative stages, which dated back to as long ago as 1949, when the first approaches were made to set up a producer institution.

And May 1991 saw some important preliminary steps taken at the Isfahan International Conference in the direction of high-level producer-consumer dialogue.

"This started a process that led to the creation of the International Energy Forum (IEF)," he said.

Continued El-Badri: "On such occasions as this 50th Anniversary Ceremony, we recall the vision and the resolve of our five founding fathers to create an oil industry that was fairer, more stable and more truly representative of global interests.

They were: Dr Fuad Rouhani, from our host nation today; Dr Tala'at al-Shaibani from Iraq; Ahmed Sayed Omar from Kuwait; Abdullah Al-Tariki from Saudi Arabia; and Dr Juan Pablo Pérez Alfonzo from Venezuela.

"I believe that, were our five founding fathers alive today, these distinguished gentlemen would have been proud of OPEC's achievements."

The OPEC Secretary General stressed that the dedication and commitment of the governments of the Organization's Member Countries had been central to this during the past 50 remarkable years.

"At the same time, however, we must not lose sight of the future," he said. "As a group of producers with 80 per cent of the world's proven crude oil reserves, we are confident of rising to the new challenges — in support of our own domestic development, as well as sound world economic growth.

"And the Islamic Republic of Iran, without any doubt, will continue to play a key role in this," he said.

Officials and guests take time out for a group picture at the OPEC 50th Anniversary Ceremony in Tehran.

Harmonizing oil producer policies one of OPEC's main aims

— Iranian Minister

Dr Seyed Masoud Mir-Kazemi, (then) Iranian Petroleum Minister.

Harmonization of policies of the world's oil-producing countries has been one of the most important targets pursued by OPEC since its formation over 50 years ago.

That was the view put forward by the Organization's Conference President for 2011, Dr Seyed Masoud Mir-Kazemi, then Iran's Minister of Petroleum.

Addressing his country's 50th OPEC Anniversary Ceremony in Tehran, he said the Organization, through its deliberations, always managed to adopt the best decisions on production and supply, in order to maintain stability in international oil markets.

Mir-Kazemi pointed out to assembled delegates at the Ceremony that the first sparks of OPEC's formation were struck as a result of international oil companies, the so-called Seven Sisters, determining the price of oil on a unilateral basis.

Five oil-producing developing countries — Iran, Iraq, Kuwait, Saudi Arabia and Venezuela — established the Organization in Baghdad, Iraq, in September 1960.

Then, from 1962 onwards, concurrent with the expanding role of OPEC in world oil markets, eight other countries joined OPEC's ranks on a gradual basis.

"Currently, the Organization holds 80 per cent of global oil reserves and supplies 40 per cent of the world's oil and is subsequently playing a big role in providing energy security to the world," he affirmed.

Mir-Kazemi said that since its formation OPEC had faced lots of ups and downs.

Exchanging gifts are (then) Iranian Petroleum Minister, Dr Seyed Masoud Mir-Kazemi (r), and Dr Bernard Mommer, Venezuela's Governor for OPEC.

For example, he said, some countries that were opposed to the existence of the Organization argued that it should increase output to restore stability to world markets, even though the instability inherent in the markets was rooted in the tax policies of the very same countries that were critical of it.

Huge taxes from oil

These consuming nations were, in fact, taking huge amounts of taxes from the consumers of the oil products.

Mir-Kazemi maintained that what should be focused on now was oil supply and demand, on the one hand, and cooperation between producers and consumers, on the other.

He stated that in the current situation on world oil markets unilateral action by some oil-producing countries to increase production was fruitless. Cooperation between OPEC and non-OPEC producers was a necessity for achieving stability in the oil market.

Stressing that the global world recession and its consequences were among the main challenges of the oil-producing countries, Mir-Kazemi said that the financial crisis and economic downturn had led to a decreased purchasing power of the consumers of hydrocarbon resources.

"The international crises have their roots in the western countries' policies ..." he said, adding that secure investment in OPEC Member Countries depended on security of demand.

"This (security of demand) has vanished as a result of western countries' economic policies," he professed.

OPEC playing dominant role in international oil market *— Iranian Governor*

Above: Seyed Mohammad Ali Khatibi Tabatabai, Iran's Governor for OPEC.

OPEC plays a dominant role in the international oil market through its effective actions and policy decisions, according to Seyed Mohammad Ali Khatibi Tabatabai, Iran's Governor for OPEC.

Speaking at the OPEC 50th Anniversary Ceremony, he noted that following a half century of ups and downs, OPEC today was a credible organization on the world stage with invaluable experience that enabled it to play an effective role in helping to overcome the volatility that characterized the oil market.

"All global market actors should play a role in bringing stability to the oil market, a duty that has been fulfilled by OPEC over the several decades of its existence," he maintained, stating that he hoped the Organization would reach even greater heights in its activities and influence in the years ahead.

Tabatabai pointed out that OPEC's Founder Members had faced many difficulties at the start.

Defending oil producers' rights had been a potentially difficult task, but when the idea of forming OPEC had turned into a reality, its Member Countries found that, as a combined force, they could defend their rights through unity and coherence.

And, in so doing, OPEC was able to make its mark on the international oil market, he stated.

Tabatabai noted that especially since the start of the 1970s, up to the present day, OPEC had played an important and effective role in global oil markets, especially during the periods when those markets were faced with instability.

All eyes on OPEC

It was during these times that all eyes turned towards OPEC to play its usual constructive role, he observed.

The OPEC Governor said the latest example of acute instability had occurred in 2008 when crude oil prices nosedived following the financial crisis and the subsequent collapse in the world economy.

OPEC had responded by reducing crude output by a total of 4.2 million barrels/day, which had effectively brought relative calm to the markets in the first half of 2009.

Tabatabai concluded by stressing that Iran, as a Founder Member of OPEC, had always supported the Organization and its target aims and would continue to do so in the future, in order to defend the rights of oil-producing countries.

Tehran hosts 16th Oil, gas, refining and petrochemical exhibition

Domestic firms an increasing "source of pride" to Iran

OPEC Secretary General, Abdalla Salem El-Badri (c), with Safar Ali Keramati (r), Iran's OPEC National Representative, and Mr Zainouri from the Petroleum Minister's Protocol Department.

Well over 600 foreign companies from 40 countries attended the 16th Oil, gas, refining and petrochemical exhibition in the Iranian capital Tehran, in April.

The colourful OPEC exhibition stand.

Billed as the biggest oil show in the Middle East, the five-day exhibition, held at Tehran's Permanent International Fairground, was launched on April 15, ahead of the OPEC Anniversary Ceremony.

At the opening of the event, (then) Iranian Petroleum Minister, Dr Seyed Masoud Mir-Kazemi, pointed out that the participation of 661 foreign companies from 40 countries in this year's exhibition showed that the international sanctions imposed against Iran's oil industry had been ineffective. In total, 1,550 firms exhibited their products and services there.

Exhibition Manager, Hossein Porsan, said that this year's figures represented a 20 per cent increase in the number of foreign countries in attendance and a 35 per cent rise in overseas companies, compared with the previous exhibition.

Quoted by Iran's SHANA news service, and in referring to the widespread participation in the exhibition of producers, manufacturers, knowledge-based companies and educational centres, he said the strong participation of domestic firms was a source of pride to Iran.

Above: Receiving a guided tour at the exhibition is (then) Iranian Petroleum Minister, Dr Seyed Masoud Mir-Kazemi (r).

Exhibition continues to grow

The participation of domestic companies, he pointed out, was a sign of the importance of the oil industry in the Islamic Republic of Iran, adding that it showed that domestic firms had broken the supposed grip of international sanctions through self-reliance and self-confidence.

Porson disclosed that the exhibition had continued to grow both qualitatively and quantitatively over the various rounds that had been held. The open and covered areas of the 2011 show covered a total area of 71,000 sq m.

Addressing the participating companies in the opening ceremony, Mir-Kazemi said that that the exhibition provided a good opportunity for more interaction between and among interested parties and helped seal win-win agreements with Iran.

He said the Iranian government was keen to support local manufacturing firms and highlighted the progress made in research and technology.

He stated: "We plan not only to achieve 90 per cent self-sufficiency in technical know-how to the end of Iran's fifth Five-Year Development Plan in 2015, but to be transformed into an exporter of knowledge as well."

The Minister's comments were echoed by Iran's First Vice President, Mohammad Reza Rahimi, who inaugurated the event. In visiting a number of pavilions at the show, he stated that the Iranian government was giving its full support to the domestic oil industry.

The popularity of the exhibition, and the interest shown by the officials that attended, depicted the support that existed for the oil industry and especially local oil equipment manufacturers.

Stressing the government's readiness to support local manufacturers, Rahimi expressed hope that the country's move towards self-sufficiency in manufacturing

equipment and parts needed for the industry would continue to improve.

He pointed to the high level of knowledge and capabilities of the domestic oil sector's engineers, who, through their expertise, were transforming Iran into a respected exporter of technical and engineering services.

Fereidun Hassanvand, a Member of Iran's Parliamentary Energy Committee, said the show was an appropriate opportunity for the transfer of technological know-how, stressing that the participation of both domestic and foreign companies underlined the significance of the Iranian oil industry in the world.

"This year's show, which coincides with Iran's Presidency of the OPEC Conference, has provided a platform for introducing great investment opportunities in Iran to the oil companies of the world. It can also leave a positive impact on Iran's relations with other OPEC Member Countries," he said.

He pointed out that Iran's managerial capabilities were well known in the world, adding that he hoped his country's year as President of the OPEC Conference would help further promote the status and international standing of the Organization in the global oil market.

The official noted that some nations tried to project Iran as an inefficient and weak country, but

OPEC Secretary General, Abdalla Salem El-Badri, tours the exhibition stands.

Anniversary sweets from OPEC say 'thank you' to Iran for the celebrations.

the very participation of western countries in the exhibition proved that such efforts of misinformation were misguided and, in fact, such a show highlighted the true position of Iran in the global petroleum sector.

Another Member of the Parliamentary Energy Committee, Seyed Jasem Saedi, also stated that the private sector was a strong arm of the oil industry in Iran and could have active participation in the development of the country.

"In today's developed world, governments, with the assistance of the private sector, develop their economies. Iran is not an exception," he affirmed.

"We should move from selling crude oil to exporting oil products, which is possible," he maintained.

Attracting new investments

Saedi said that because the private sector could more easily attract investment, it helped the oil sector to develop faster, adding that Iran's domestic oil industry possessed the necessary capacity to attract new investment. Hence, it was mandatory on thes part of the government to support the private sector.

He underlined that if the government granted the required financial support to the private sector, "it could breathe new life into Iran's oil industry. If the government needs new permissions, we are ready in Parliament to pass new legislation in this respect," he said.

Above: OPEC Secretary General, Abdalla Salem El-Badri (c), with (from l–r) Mahid Al-Saigh, Senior PR Assistant, OPEC; Sally Jones, Media Relations Advisor, OPEC; Safar Ali Keramati, Iran's OPEC National Representative; Angela Agoawike, Head of OPEC's PR & Information Department; Jenabi Ehsan, of the NIOC; and Mehdi Rostami, Administration Affairs, NIOC; at the OPEC Secretariat's exhibition stand.

Visiting Tehran ... a travelogue

***Angela Agoawike,** Head of OPEC's PR and Information Department, was part of the Secretariat team that accompanied Secretary General, Abdalla Salem El-Badri, to Iran in April for the 50th OPEC Anniversary Ceremony. No stranger to the country's culture and customs — having read considerably about the country and all its delights before her visit — she chose the opportunity to write the following brief travelogue documenting some of Tehran's unique attractions.*

Pictured above is the Iranian capital, Tehran.

Iran is a nation steeped in history. It is also a nation on the fast track to development. At the point where the two meet, what is witnessed is an interesting and exciting blend of the ancient and the modern, catering to the needs of the culturally-minded, while not alienating those who crave modern life.

The Iranian capital, Tehran, is often described as the city on the foot of the Alborz Mountain range. For one already familiar with such a description, but on a first-time visit to the city, it is indeed a sight to savor. Capped with snow and with businesses booming below, it is a haven for small restaurant owners and retailers who leverage the continuous stream of people visiting the area to sell their wares. One could say that life at the foot of the Alborz Mountain never stops — irrespective of time. There, one can easily sample the traditional sweet-smelling Iranian sweets that come in different colours, shapes and sizes. Thereafter, it is time to treat oneself to a sit-down dinner in one of the many restaurants that dot the area. From local Iranian fare to continental dishes, a hungry sight-seer would never leave the vicinity without having found that appealing special meal.

A visit to Tehran without a stop-over at the bazaar

Tehran is often described as the city at the foot of the Alborz Mountain range.

could be deemed incomplete for that is where one really and truly comes into contact with the locals, etching out a living through their small, but significant, daily business activities. From vegetables to food seasonings, like saffron, cinnamon and parsley, and from specialist Islamic clothes shops to those that sell both Islamic and western garments, the bazaar is truly alive.

Iranians would tell you that no meal is complete without bread. Well, if the number of bakeries in the bazaar, as well as the varieties of bread, is anything to go by, then for sure, this daily staple is truly a significant part of Iranian tradition.

Another feature of the bazaar that cannot be resisted is the stalls selling delicious pistachio nuts and caviar, for which the country is famous. Iran is also renowned for its quality Persian carpets. They come in a multitude of striking shades. The more expensive the carpet, it seems, the higher its quality. Unfortunately, except if a prospective buyer has already decided on exactly the kind of carpet he or she is looking for, rummaging through the heaps of carpets on show could leave one very confused — there are just so many different shapes, sizes and qualities to choose from. At the end of the day however, this experience makes one depart the scene with a heightened appreciation of Iranian artwork — and that is exactly what these carpets are.

For anyone who has visited Tehran before, a lot has indeed changed in the city over the years. It is a lot more developed than it used to be, street lights are everywhere, casting their colourful glow over roads that are better and wider. And, so, if you are caught up in the heavy traffic at night, not to worry, the bright and colourfully-lit streets do tend to have a calming effect on one. And before you know it, you have arrived at your destination.

For a developing country, with a population of more than 74 million, seven million of which live in the capital, experiencing traffic bottlenecks is not out of place with any country bustling with activity. During peak hours, the regular snarl-ups on the roads force anyone who wishes to keep an appointment on time, to leave a lot earlier than planned. This also speaks volumes of the number of cars on the streets of Teheran which also has a public transport system.

Perhaps, also, due to the fact that Iran is always in the news as a result of its dealings with the West, Iranians seem quick to enquire of visitors what they think of their country and people. One cannot deny the beauty of the country and warmth of its people. They are friendly and proud and may also, to a large extent, have learnt to be self-sufficient. This may be due to the sanctions imposed on the country by the west. Modesty seems also to be the watchword in everything they do.

Obviously, for an Islamic Republic, one does go into the country with a pre-conceived notion of what to expect — dress codes and a society socially segregated between men and women. Of course, dress codes do exist but they are not as restrictive as one would imagine. However, men and women maintain a respectable distance and space between them in accordance with the regulations of the country.

While modest dress is both a written and unwritten rule for the country's female members of the population, Iranian women are nevertheless very fashionable. Their 'Manto' (rupoosh in Farsi) and head scarves are colourful, without being overwhelming.

The scarves, for instance, come in many different bright colours and one could easily wear them without feeling restricted. In fact, once gotten used to, it becomes a part of a woman's daily fashion accessory. And of course, Iranian women know how to throw these over their heads for the maximum modest effect.

Right from when the airplane taxis to its final stop and the last minute announcement is made advising women to cover their heads before exiting the plane, a scrambling ensues for those whose head apparel have fallen off during the five-hour flight from Frankfurt to Tehran. There are then the last minute adjustments and the female passengers emerge refreshed and ready to integrate into what is essentially a modern and dynamic society.

To do that however, just like other visitors and locals, one has to make the fairly long drive from Imam Khomeini International Airport into the city. Unfortunately, if you are making the journey either at the dead of the night or in the very early hours of the morning, you may not have the opportunity to truly savour structures like the Imam Khomeini Mausoleum that dot the road.

But this building does present a beautiful and imposing sight set against the darkness. The Mausoleum houses the tomb of the late Imam Khomeini, Leader of the Islamic Revolution, who died in 1989. The expansive site is a place of pilgrimage for followers of the late Ayatollah.

Then we are in the capital, where the work must begin in earnest for the Secretariat team of four — Angela, Sally, Diana and Mahid. Preparations for the 50th Anniversary Ceremony are in full swing and the final touches are being put to all the stands of countries and companies taking part in the oil and gas exhibition. It is a splendid feeling when it all comes together. Work, leisure, meeting the locals — under the guidance of Safar Ali Keramati, former colleague at the OPEC Secretariat and now Iran's National Representative to OPEC, Ehsan Jenabi and Ahmad Kadkhoda. It was a pleasure to have experienced all this in Tehran — the city on the foot of the Alborz Mountain range.

Above: Iran's OPEC National Representative, Safar Ali Keramati (c), Ehsan Jenabi (r), and Ahmad Kadkhoda (l) proved to be excellent guides.

Above left: The thriving bazaar in Tehran where one can buy anything from vegetables, food stuffs and seasonings to clothes and carpets (see other pictures).

Level of joint activities must be stepped up — Qabazard

Dr Hasan M Qabazard.

"If we stay in better contact with each other, we may better ensure that we follow up on research proposals, project requests and data sharing."

OPEC Member Countries should make concerted efforts to increase the level of their joint research and development (R&D) activities and to consolidate the progress they have made so far.

That was the message Dr Hasan M Qabazard, Director of OPEC's Research Division, had for participants at the *6th Annual Meeting of OPEC R&D Officials,* held at the Secretariat in Vienna in early May.

"... we need to strengthen and reinforce our commitment to the main purpose of this meeting — which is to strengthen ties among our Member Countries and improve R&D collaboration between us," he said in opening remarks to the two-day meeting, which he chaired.

"This means ensuring good communications afterward so that we all remain informed as to what progress is being made within each thematic Working Group, as well as at the level of each Member Country," he stated.

The annual OPEC R&D meetings are convened to find ways to work together within the Organization toward the achievement of research and development objectives.

"If we stay in better contact with each other, we may better ensure that we follow up on research proposals, project requests and data sharing. We can all benefit from working together. So let us keep this in mind over the next two days," said Qabazard.

In highlighting the profound importance of R&D to the global petroleum industry, he said its achievements had allowed the industry to make immense progress in many areas.

"Technological innovations borne of our industry's R&D efforts have helped improve our work in both upstream and downstream operations," he affirmed.

"We have increased recovery rates, expanded our access to frontier oil fields and developed processes

Heading the Iraqi delegation is Dr Kareem Alwan (c), who is pictured listening to a presentation during the R&D meeting with fellow team members, Sattar J Hussein (l) and Sabah S Alkhishali (r).

and techniques allowing us to produce petroleum more cleanly and more efficiently. Despite existing challenges, these are significant achievements," he maintained.

Environmental credentials

Qabazard said ongoing R&D work continued to improve the petroleum industry's overall environmental credentials. The development of carbon capture and storage (CCS) technology, for example, was a very good example of how recent R&D efforts had provided the industry with the capacity to work in an increasingly sustainable and environmentally friendly way.

"In fact, given the realities of our carbon-constrained world, such R&D projects are increasingly important and have helped reduce the environmental impact of different petroleum activities," he professed.

"But a lot more can be achieved, especially if we continue to look for ways to cooperate on R&D projects."

Qabazard pointed out that it was not just a matter of sharing information with each other. "It is about finding ways of combining our different strengths and talents, enhancing our mutual capabilities and looking for common benefits from working together."

He said it was the same spirit of collaboration, that had so often characterized OPEC's efforts to bring stability to the market, that would also help the Organization to respond more effectively to the ever-present challenges that faced the oil industry.

"We have an important mandate to enhance R&D collaboration among our Member Countries," noted Qabazard, adding that the Second Summit of OPEC Heads of State and Government, held in Venezuela in 2000, stressed the role of scientific and technical research for the benefit of the oil industry.

Delegates at the Summit emphasized the importance of establishing links between R&D centres and collaborating on projects between Member Countries.

"This was also endorsed at the Third OPEC Summit of Sovereigns and Heads of State, which was held in Saudi Arabia in 2007. Once again, officials urged collaboration

Dr Hasan M Qabazard (l), Director of OPEC's Research Division, with Fuad Al-Zayer, Head of the Data Services Department.

on R&D projects among our Member Countries," Qabazard observed.

Prepared for challenges

"What is expected of such collaboration? Well, in addition to the improvements in the processes and methods used in our industry, as I have mentioned, it helps individual Member Countries — and OPEC as a whole — to be better prepared for any new challenges that may arise," he maintained.

"It is only by collaborating that our Member Countries can continue to remain productive, efficient and competitive.

"The proceedings and outcomes of this R&D meeting are as important to OPEC as they are to Member Countries," Qabazard concluded.

The Meeting's Alternate Chairman, Mohammad Khesali, Petroleum Industry Analyst at the OPEC

Pictured at the Steering Committee Meeting prior to the 6th Annual Meeting of OPEC R&D Officials are: (r–l): Dr Hasan M Qabazard, Director of OPEC's Research Division; Mohammad Khesali, Petroleum Industry Analyst; Dr Taher Massoud Najah, Downstream Oil Industry Analyst; Anne Rechbach, Senior Editing Assistant.

Secretariat, who deputized for the Head of the Energy Studies Department, Oswaldo Tapia, gave an introductory presentation to participants which covered the extent of the R&D collaboration process so far.

His remarks were followed by individual presentations on various aspects of R&D work by four of the Member Country delegates present — Iran, Iraq, Kuwait and Venezuela.

Delegates also heard a progress report from the Meeting's Steering Committee. This was set up in 2006 to develop a memorandum of understanding defining the roles and responsibilities of each component of the structure. It also monitors the progress being made by the initiative, as well as prepares the work programme.

The idea of staging meetings for OPEC R&D officials was first broached at the Second OPEC Summit in 2000.

It was felt that with the industry having to respond to ever-increasing environmental and technological demands, some form of apparatus was required to enable research institutions in OPEC Member Countries to work more closely and initiate and develop joint R&D ventures.

A Brainstorming Meeting on Cooperation in R&D, which was held in Vienna in April 2004, defined the key areas of cooperation and pinpointed energy technology opportunities and requirements deemed relevant to enhancing the future role of the industry.

Its observations were submitted to the OPEC Board of Governors, which agreed that the Secretariat should act as facilitator of all relevant activities associated with the initiative and to ensure that cooperation in R&D focused on the key long-term strategic technological research areas.

To assist the process, several distinctive Working Groups were established in key technological research areas. These Groups have progressed to the extent that they now draw up their own work programmes, projects, terms of reference and legal documents.

Then, in Venezuela in 2006, a structure for R&D collaboration was agreed, one that would facilitate the work of the programme. This consists of the Annual Meeting of R&D Officials, the Steering Committee, comprising the leaders of the Working Groups, and the Secretariat.

The activities of the various Working Groups, which cover such topics as carbon management, clean fuels, enhanced oil recovery, gas conversion and heavy oils, form a core part of the annual meetings.

It was agreed at the latest meeting that, in order to increase the information flow, the leaders of the respective Working Groups would submit quarterly reports to the Secretariat and to other Group leaders from the end of September onwards.

All smiles after a very successful meeting, delegates pose for a group photograph.

Secretariat officials meet with Economic Cooperation Organization in Iran

Workshop reiterates OPEC's role in oil market stabilization

OPEC is keen to develop its relations with the Iran-based Economic Cooperation Organization (ECO), whose members include emerging economies that are growing in significance in the international energy markets.

This desire for cooperation was the driving force behind a workshop held in April by the two Organizations in the Iranian City of Isfahan.

A team from the OPEC Secretariat in Vienna joined energy and economic officials from the ECO Secretariat and its ten member countries for two days of discussions that covered a wide range of issues and set the groundwork for further ties to be developed.

The OPEC team comprised Dr Mohammad Mazraati, Energy Models Analyst, Dr Aziz Yahyai, Senior Research Analyst, and Dr Mohammad Taeb, Environmental Coordinator.

The call for cooperation between OPEC and the ECO dates back to as early as 1997 when energy and

environmental issues were identified as two potential areas for cooperation. A proposal was then made for a joint workshop to be held. OPEC feels it could enhance its exchange of information with the ECO, with a view to discussing policy issues, energy trends and plans for the future.

The ECO, an intergovernmental organization, was established in 1985 by three Countries — Iran, Pakistan and Turkey — with the purpose of promoting economic, technical and cultural cooperation among its member states.

In 1992, its membership expanded to include Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. Its Secretariat is located in the Iranian capital, Tehran.

Today, ECO's member countries offer many exciting development opportunities, for which energy resources form an important part. The organization is a thriving regional body and its international stature is growing with each passing year.

The activities of the organization are conducted through Directorates, under the supervision of a Secretary General and his Deputies.

ECO projects and programmes of interest cover such issues as trade and investment, transport and telecommunications, energy, minerals and the environment, agriculture, industry and tourism, human resources and sustainable development, and project and economic research and statistics.

The first day of the Workshop in Isfahan was devoted to providing participants with energy-related background material, including extensive coverage of technical terms and concepts related to petroleum marketing, economics and environmental and supply/demand issues.

The second day of the gathering witnessed three presentations from the OPEC team. The first dealt with carbon constraints and climate change, the energy mix and low carbon development path energy policies, while the second presentation covered OPEC's view on long-term market developments. The third presentation reviewed recent market developments and near-term prospects, as well as the key drivers for price movement.

Discussions following the presentations allowed the OPEC guests to delve more into the important subjects of oil price determinants, the role of OPEC in oil market stabilization, key drivers on price volatility, OPEC's position in the environmental negotiations and the importance of securing supply and demand, among other topical issues.

The Workshop concluded with a panel discussion, at which the role of OPEC in stabilizing the oil market was reiterated.

Delegates at the workshop assemble for a group photo.

OPEC's MDTC goes from strength to strength

L–r: Dr Taher Massoud Najah, Downstream Oil Industry Analyst; Fuad Al-Zayer, Head, Data Services Department; Alejandro Rodriguez Rivas, Head, Finance & HR Department.

OPEC's Multi-Disciplinary Training Course (MDTC), which is held each year at the Organization's Secretariat in Vienna, is going from strength to strength.

The 2011 version of the course, held over four days in April, attracted over 40 participants from OPEC's 12 Member Countries. That was around ten more than in the previous year.

Each Member Country can put forward up to five candidates for the course. The idea is to bring together a diverse mix of cultures, knowledge and experience, all aimed at improving the understanding of the Organization's work, as well as the workings of the international oil market.

The intensive programme also sets out to increase cohesion and solidarity among Member Countries, as well as acquaint participants with staff and officials of the OPEC Secretariat.

"Seeing you all here is, indeed, a reminder that OPEC is an international organization representing 12 Member Countries from three continents — all united by a common purpose," Fuad Al-Zayer, Head of the Secretariat's Data Services Department, said in opening comments to the course.

He emphasized that the MDTC was designed to provide Member Country professionals with a broad overview of what OPEC and the Secretariat did.

"As participants in this year's session — the 11th in the series — you will learn about the Organization's overall efforts to stabilize the oil market," he affirmed.

He told the group that as they were no doubt aware, natural disasters, transportation problems and political events were just some of the occurrences that could affect the oil markets, by constraining supply, or impacting demand.

"And when such things happen, OPEC makes every effort to continue fulfilling its mission — to work toward ensuring ample supply and bringing about stability to the markets."

Al-Zayer, who was deputizing for Dr Hasan M Qabazard, Director of the OPEC Research Division, said that during the days of the course, it would be an

R–l: Abdalla Salem El-Badri, OPEC Secretary General; Dr Hasan M Qabazard, Director of OPEC's Research Division; Fuad Al-Zayer, Head, Data Services Department; Oswaldo Tapia, Head, Energy Studies Department.

opportunity for the participants to deepen their technical understanding of the oil industry and the oil markets in general.

"You will also learn about all the activities which the OPEC Secretariat is involved in— from data gathering and statistical research, to macro- and micro-economic modelling and forecasting, to public relations and strategic communications," he added.

Importance of research

Al-Zayer pointed out that in a world increasingly characterized by complexity and volatility, data-driven policy-making was more important than ever.

"That is why research is such an important part of OPEC's work," he professed. "Research drives this Organization. It provides its various organs with the fundamental data and research which guide the decisions of its Member Countries.

"And it helps the Organization in its efforts to ensure regular and stable demand for oil — as well as a regular and steady supply. And working towards this stability is at the core of this Organization's mission," he said.

Al-Zayer said he was sure this central message would become more and more apparent in the coming days as the course participants listened to the various presentations given to them by different experts.

He said that as was customary with the MDTC, the group would also pay a visit to OPEC's sister organization, the OPEC Fund for International Development (OFID).

"OFID's mission — inspired by the concerns of OPEC Member Countries — is the fight against poverty in developing countries. This is as much a concern for OPEC's Member Countries as are the overall dynamics of the global energy markets," he stated.

In wishing participants a productive week, Al-Zayer said that he hoped that after the training course, they would be better able to participate in energy discussions and in the development of national energy policies in their respective countries.

Right: Each MDTC participant received a special certificate of attendance. Here Qatari young professional Abdulaziz Rashid Al-Naimi, proudly displays his certificate.

"Perhaps we will even see you return to the Secretariat some day in a more formal capacity," he concluded.

The busy course was divided into various sessions. On day one, participants were given an introduction to OPEC, followed by a film on the Organization. In session two, they were presented with an overview of the Petroleum Studies Department (PSD), followed by presentations on the main determinants of oil supply and demand, the world economic outlook, oil price movements and stock movements and the supply and demand balance.

The second day of the course began with an introduction to modelling, followed by presentations on the OPEC World Energy Model (OWEM), the Downstream Optimization Model, and Econometric models for petroleum markets.

In Session four, participants learned about the role of energy data in research and about the OPEC Basket and the Joint Oil Data Initiative (JODI).

Presentations

On day three, session five comprised an overview of the Energy Studies Department (ESD), followed by presentations on the evolving relationship between national and international oil companies, energy policies in the BRIC-OECD regions, reserves and resource classification, emission constraints and oil demand, and fiscal regimes. In Session six, participants heard about OPEC's corporate image, followed by a presentation on the Organization's Intranet facility.

A presentation covering the role of the Legal Office within the Organization kicked off the final day of the course in session seven. It was followed by a presentation by the Finance and Human Resources Department on the challenge of attracting the right candidate. It is the Human Resources Section of that Department which is responsible for coordinating the administrative and logistic aspects of the MDTC.

The Section also provides the back-up and assistance for the Academic Committee to facilitate the design of the course programme.

Most importantly, it arranges for feedback from participants, in order to gauge and analyze the effectiveness of the course, so that any necessary improvements can be made for future events.

Above (l and r): Participants listen intently to the presentations, while below they are pictured in a group photograph with OPEC Secretary General, Abdalla Salem El-Badri, and Members of the OPEC Management.

International Gallup poll shows Venezuelan population is "thriving"

Windfall oil earnings give welcome boost to socio-economic spending

Venezuela could realize up to $16 billion in windfall oil revenues this year, following the implementation of new taxes aimed at taking advantage of the current high price of international crude.

The Government has forecast that, through the new programme, between $9bn and $16bn in extra revenues would be accrued from the country's oil exports, depending on what level oil prices remain at.

The country's President, Hugo Chávez, has said that the windfall revenues would be collected in a special fund and used to finance essential socio-economic projects in the South American OPEC Member Country.

He was quoted as saying: "This is justice. It will create consciousness and look after the country's wealth more."

Venezuela's President Hugo Chávez.

Reuters

Venezuela's Minister of Energy and Petroleum, Rafael Ramirez, stated that the oil revenues earned should be taken by the Venezuelan state as the representative of the collective interest. They should then be distributed "in a revolutionary way for our people's benefit."

Scale of taxes

"What defines our government's political position is who captures the oil revenue and how is it used," he added.

Under the new Government decree, a top level of tax of 95 per cent would come into force when the price of crude exceeded $100 a barrel. In moving down the scale, there would be a tax of 90 per cent when prices reached $90/b, while prices over $70/b would incur an 80 per cent tax rate. Between $40/b and $70/b, the rate would be set at 20 per cent of the earnings.

International crude oil prices have been hovering above $100/b for some time now, due to a variety of factors affecting the global market, including high levels of speculation.

Ramirez told Reuters in an interview that the new tax rates in his country would not apply to planned new output from existing fields in the country, or to schemes aimed at exploiting the Orinoco Oil Belt, home to abundant resources of heavy crude oil, until the companies involved had recovered their investments.

The Orinoco Belt is one of the largest oil deposits in the world and several international oil companies, in association with the national oil concern, Petroleos de Venezuela SA, are involved in plans to develop it.

Ramirez disclosed that around 320,000 b/d of Venezuela's current crude exports would be exempt from the windfall tax, due to the conditions stipulated.

Chavez is already putting the new windfall fund to good use. He announced plans to implement a new government housing project, he has arranged salary increases for the public sector and has promised to make substantial

increases to the country's minimum wage and to also boost pension conditions.

And the Venezuelan Government's plans to narrow the wealth gap by boosting socio-economic spending is being reflected in the population as a whole.

A Gallup poll measuring the wellbeing of people in countries worldwide last year placed Venezuela in fifth place overall for those citizens said to be "thriving". For that category, the country scored 64 per cent, the same level as Finland and just behind Australia with 65 per cent.

Top of the list was Denmark with a score of 72 per cent, followed by Sweden and Canada, both on 69 per cent. The results were based on face-to-face and telephone interviews with approximately 1,000 adults per country, aged 15 and older, and conducted in 2010 in 124 countries.

Elias Eljuri, Head of Venezuela's National Statistics Institute, was quoted as saying that economic growth in any country was important, but if government policies were not aimed at redistributing the wealth accrued, then this obviously did not translate into improved living conditions for the people.

He pointed out that since President Chavez had assumed office in 1999, the Government had spent $330bn on schemes in the health, education and social services sectors.

"The Chavez Government has put the human being first. We have invested in health and education and today we have the second best rate of higher education in Latin America," informed Eljuri, adding that university places in the country had more than doubled to 2.3 million students under the current regime.

He continued that the incidence of poverty had been slashed to 26 per cent from 70 per cent in 2006, while inequality of wealth in Venezuela was now the lowest in the Latin American region.

"There has been a redistribution of wealth, but it is still not enough. We have not yet reached total equality, far from it," he was quoted as saying.

Rafael Ramirez.

Venezuela currently produces around 2.8m b/d of crude oil and, due to the higher prices, has seen its revenues surge.

It is encouraging its joint-venture partners to step up exploration and exploitation efforts and is especially hoping that development of the country's Orinoco Belt will result in an extra output capability of over 2m b/d from that area alone in a few years' time.

Energy Minister Ramirez announced at the end of March that his Ministry aimed to increase Venezuela's oil capacity to as much as 5m b/d over the next three years.

His Ministry's figures showed that crude production in 2010 amounted to 2.78m b/d, a drop from the 3.01m b/d recorded the year before.

"By 2014, we should be pumping 4.5m b/d, or 5m b/d," he was quoted as saying by a local television station.

"What defines our government's political position is who captures the oil revenue and how is it used."

— Ramirez

Aramco's Al-Falih: Kingdom not comfortable with high oil prices

Saudi Arabia is not comfortable seeing high prices for international crude oil, but the reasons for the inflated rates are nothing to do with market fundamentals, according to Khalid Al-Falih, Chief Executive Officer of Saudi Aramco.

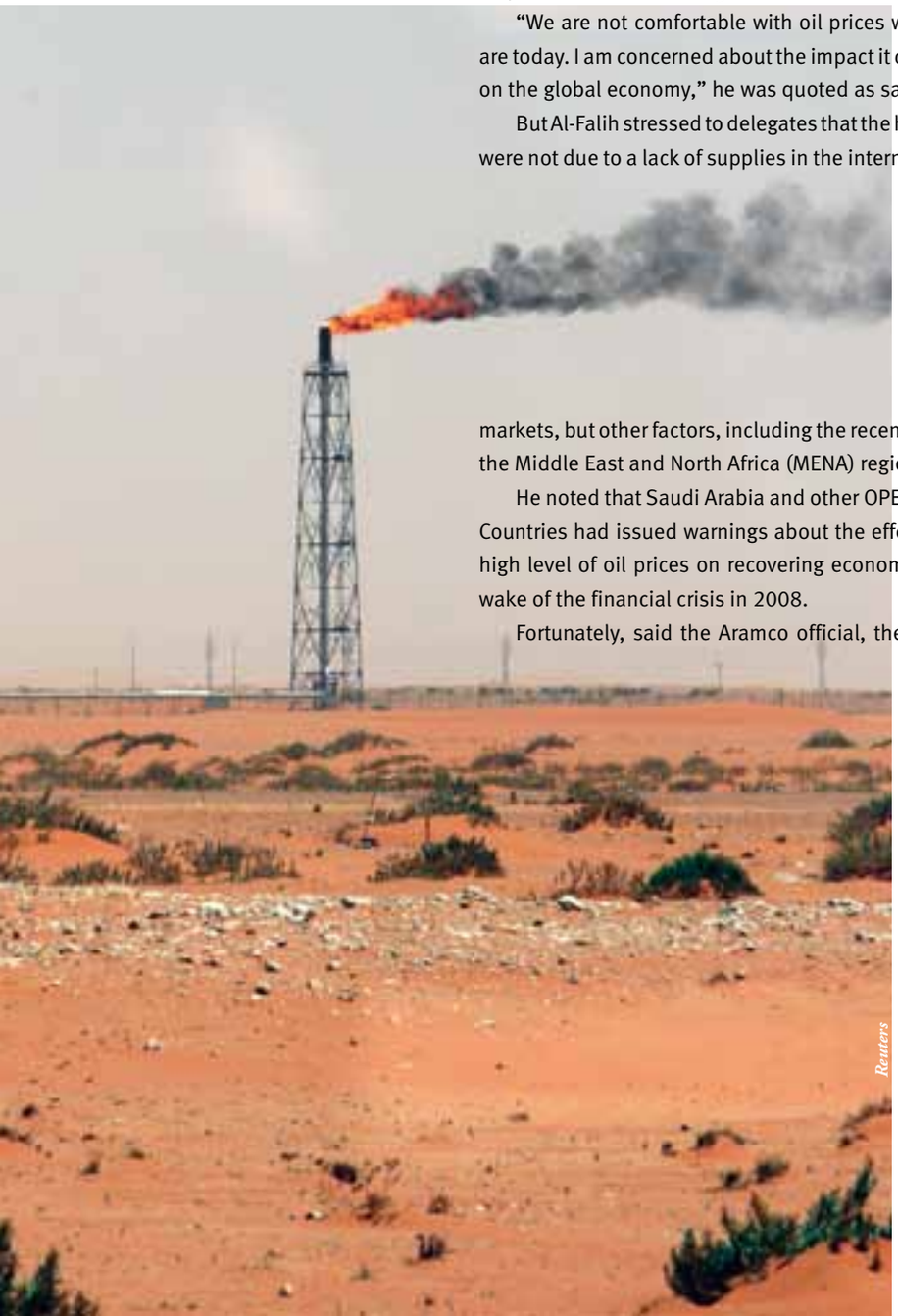
Addressing an industry event in Seoul, South Korea, he said the Kingdom was concerned that sustained high oil prices could harm the global economic recovery.

"We are not comfortable with oil prices where they are today. I am concerned about the impact it could have on the global economy," he was quoted as saying.

But Al-Falih stressed to delegates that the high prices were not due to a lack of supplies in the international oil markets, but other factors, including the recent events in the Middle East and North Africa (MENA) region.

He noted that Saudi Arabia and other OPEC Member Countries had issued warnings about the effects of the high level of oil prices on recovering economies in the wake of the financial crisis in 2008.

Fortunately, said the Aramco official, the Kingdom had sufficient spare production capacity to meet any demand eventuality and to act to help moderate high prices, if necessary.



Reuters

Force for moderation

Saudi Arabia, he was quoted as saying, would "continue to act in support of oil market stability and as a force for moderation."

The Kingdom had already boosted supply to help cover the shortfall created by the unrest in Libya.

Saudi Arabia supports a total output capability of around 12.5 million barrels/day, but normally produces some 8.3m b/d, offering a substantial cushion in the event of emergencies.

And to maintain its global standing in the oil sector, the company plans to invest some $125 billion in domestic and international oil projects over the next five years.

These schemes will cover crude oil upstream activities, gas projects and refining and petrochemical operations.

The company's refining capacity is forecast to expand from 4m b/d to over 6m b/d, and by 2015, it is expected to have seven world-scale gas plants in operation that will boost the Kingdom's handling capacity to over 15 billion cubic feet/day.

A large portion of the planned expenditure programme will go on providing a $20bn petrochemical complex at Jubail and covering the multi-billion dollar expansion of the Petro-Rabigh refinery and petrochemical plant.

Al-Falih noted that two out of every three barrels of crude that Saudi Aramco exported went to fast-growing Asia.

"Companies from Korea and other Asian nations are important suppliers of top quality goods, materials and services to our operations and we are seeing increasing volumes of foreign direct investment from Asia in the Kingdom," he stressed.

Saudi Arabia, in total, is expected to spend more than $450bn on capital projects over the next five years.

New York, London energy exchanges set new futures trading records

The level of trade volume on the two largest oil futures exchanges in the world — London and New York — hit successive records in January and February this year.

In January, trading in futures contracts on the Intercontinental Exchange (ICE) reached an average daily trading volume of 1.578 million contracts, up by 30 per cent from the same month a year earlier. The jump was spurred by a rise in trading of European oil contracts.

ICE Futures Europe, which lists Brent crude futures, recorded a 45 per cent increase in its average daily volume to 1.18 million contracts in January, compared with the like 2010 figure, while its total monthly trading volume set a new record of 23.5 million contracts.

In addition, ICE Brent crude, ICE WTI crude and ICE gas oil futures all established monthly volume records on the exchange, the ICE was quoted as saying in a statement.

Meanwhile, across the Atlantic, the volume of energy futures traded on CME Group markets, such as the New York Mercantile Exchange (NYMEX), averaged 2 million contracts daily in January 2011, higher by 22 per cent compared with January 2010.

CME announced that behind the strong growth was the high volume in futures and options on the NYMEX light, sweet crude oil contract, which were up by 57 per cent and 21 per cent, respectively, in the month.

Futures contracts on the NYMEX in January attained a record daily volume of 1.5 million deals towards the end of the month. The options contract set a record of 294,000 deals on the last day of January.

Moving into February, the ICE announced that the average daily trading volume for its deals markets rose by 27 per cent from the same month a year earlier — to a record 1.74 million contracts. Total futures volume for the month was put at a record 33 million contracts.

The volume of energy futures traded on CME Group markets averaged 2.2 million contracts a day in February, up by 26 per cent from 2010 levels.

For this month, CME said trade in futures on the NYMEX light, sweet crude oil contract rose by 39 per cent to an average daily volume of 935,000 contracts, adding that the options contract improved by 35 per cent to establish its third daily volume record of the year with 325,000 deals.

The ICE has seen its trade volume double over the past five years and in 2010 increased its share of the major crude and product futures trade to a little under 49 per cent.

In the light of the current trend, analysts say that the London exchange is set to overtake New York as the largest centre of crude and oil product futures trade in 2011. NYMEX trading volume only expanded by 17 per cent last year, compared with the 31 per cent rise recorded by the ICE.

Reuters

According to industry experts, the gaining popularity of the ICE, which purchased the former International Petroleum Exchange (IPE) ten years ago, is down to the fact that Brent crude has become the "barrel of choice" among traders, due to its direct link to demand in Asia, where consumption is soaring.

Surging demand for industrial fuels in this region helped boost gas oil trade by 45 per cent on the ICE in 2010 alone. ICE trade of Brent was higher by 35 per cent, while its US light crude contract volume rose by 13 per cent.

Speculators, not supply shortage, pushing gasoline prices higher — Obama

"... a lot of what is driving up oil prices right now is not a lack of supply. There is enough supply. There is enough oil out there for world demand."


Barack Obama.
Reuters

United States President, Barack Obama, has leveled the blame for sustained high domestic gasoline prices in his country on the actions of speculators.

Addressing students at a college in Virginia, he said a shortage of crude oil supplies could not be blamed for the inflated rates at the petrol pump since there was sufficient oil on world markets to satisfy current demand.

"... a lot of what is driving up oil prices right now is not a lack of supply. There is enough supply. There is enough oil out there for world demand," Obama affirmed.

He pointed out that the problem was with speculators and people "making various bets".

Obama explained by giving the example that speculators were looking at the situation and deciding that maybe there was a 20 per cent chance that something might happen in the Middle East region that could disrupt oil supply. So, consequently, they bet that oil was going to go up to real high levels.

"And that action spikes up prices significantly," he stated.

The US President's position is in line with that of OPEC and its Member Countries who have been saying repeatedly — even before the onset of the global financial crisis in 2008 — that supplies in the market are adequate and also backed by a comfortable reserve cushion in the event of any emergency.

OPEC contends that crude oil prices, which have been hovering at levels in excess of $100/barrel for some months, are being driven by speculation and uncertainty and that the supply and demand fundamentals of the market are in balance.

The Organization's Secretary General, Abdalla Salem El-Badri, announced in a recent speech that the OPEC Secretariat had calculated that a risk premium of $15–20/b is embedded in current crude prices. Coupled with this, speculator activity on the New York Mercantile Exchange (NYMEX) had surged to record highs of late.

Pressure on Administration

Obama said that as far as the US was concerned, the answer to high gasoline prices and energy challenges in general was to increase oil production and create a market for fuel-efficient cars.

Pump prices have reached $4/gallon in some US cities, such as Los Angeles, San Francisco and Chicago, which has put pressure on the US administration to act. US Energy Secretary Steven Chu has warned that rising crude oil and gasoline prices could impede the US economic recovery.

Obama noted that the US government was in a position to investigate unfair speculation through the Commodity Futures Trading Commission (CFTC) and the Federal Trade Commission (FTC), two agencies that recently agreed to share information on potential problem areas.

CFTC Commissioner, Bart Chilton, was quoted as saying that there was a Wall Street premium on gasoline prices today. "Every time people fill up their tanks, they can expect that several dollars are due to speculation," he maintained.

Obama pointed out that the CFTC was looking at new regulations that would impose strict limits on the number of positions the big commodity traders could take. This was primarily aimed at preventing wild swings in prices.

Meanwhile, MasterCard Advisors has warned that US gasoline prices were getting to a level that could lead to a slump in demand from consumers.

Commodities Commission told to act immediately on curbing oil speculation

Spurred by recent acute volatility in the price of crude oil and gasoline, United States lawmakers have called on the country's Commodity Futures Trading Commission (CFTC) to immediately get tough on excessive speculation in crude oil markets by speeding up proposed regulations aimed at introducing position limits.

In a letter to the CFTC chairman and the body's commissioners, the group of 17 US senators stipulated that they wanted the Commission to announce its proposals and recommendations for imposing position limits in all energy futures markets, starting with crude oil, by May 23.

The Commission has already drawn up suggestions incorporating such limits, as part of a general financial reform package, but, as yet, has not finalized them.

"The CFTC needs a plan to impose position limits on oil speculation before oil speculators drive up prices even higher, just as Americans go to the pumps to fill up for Memorial Day weekend," Senator Ron Wyden, one of the lawmakers involved, was quoted as saying.

Extreme volatility

He and his colleagues stressed that they were alarmed after crude oil prices showed further extreme volatility in the space of just a few trading days, at first slumping by $10/b in one day, then rebounding by $6/b another day, before again falling by $5/b in another trading session.

"This wild fluctuation could only be the result of rampant oil speculation. That is plain and simple," Wyden pointed out.

OPEC and its Member Countries have persistently warned of the dangers of oil speculation which, in each trading day, add a considerable premium to crude prices that need not necessarily be there.

The CFTC is mulling new rules and regulations that would put limits on the positions of large commodity traders, capping how many futures and swaps contracts any one market participant could control.

The Dodd-Frank law, passed in July 2010, gives the Commission the power to set position limits to curb excessive speculation "as appropriate" in 28 commodities traded in energy, metals and agricultural markets.

US President, Barack Obama, has openly blamed speculators for driving the price of domestic gasoline higher. And he has stated that there was enough oil in global markets to meet current demand, inferring that the supply demand balance was in tune and not a cause of the volatility.

Position limits

The CFTC, which has allowed a 30-day period for interested parties to comment on the proposed rules, is expected to finalize them this summer.

The move to introduce position limits was made by the CFTC in 2007–08, when commodity prices surged to successive record levels. The price of crude oil reached almost $150/b in the summer 2008, even though there were ample crude supplies in the market.

The persistent and potentially damaging effects from this type of volatility sparked repeated calls for the regulators to crack down on speculators' actions.

Meanwhile, Senator Carl Levin, who heads a panel on investigations, has said he plans to hold a hearing and release a report investigating speculation in the oil markets, which he blamed for pushing up gasoline prices.

"American consumers are getting gouged at the pump while speculation on Wall Street runs rampant," he was quoted as saying.

Another Senator, Maria Cantwell, who also signed the letter, stressed: "Today, the CFTC must implement these long-overdue position limits to crack down on excessive speculation and provide relief to American consumers."

After enjoying record economic year in 2010 ...

Brazil's oil demand, output to continue rising in 2011

Brazil's Finance Minister, Guido Mantega.

Brazil's oil demand, which has been following an upward trend since 2004, is expected to continue to increase in 2011 with the alcohol-based energy sector showing the highest expansion.

The domestic transport sector is expected to push Brazil's oil demand up by an estimated 100,000 b/d this year.

Meanwhile, Brazil's oil production is slated to rise by around 190,000 b/d in 2011 to average 2.85m b/d. This is the highest growth rate among all non-OPEC producing countries.

The impressive figures follow a year when Brazil's economy expanded by 7.5 per cent, the highest level of growth the country has seen since 1986. This compared with growth of over ten per cent in China and eight per cent in India last year.

However, Brazil's level of economic performance last year is not expected to be repeated in 2011, when growth will likely come in at around 4.5 to 5.0 per cent.

The country's Finance Minister, Guido Mantega, was quoted as saying that robust domestic demand and investment would continue to drive the economy in 2011.

Last year, with several new oil wells going onstream in the hydrocarbons-rich Campos Basin, the country's crude production averaged around 2m b/d.

Meanwhile the oil reserves of the national oil company, Petrobras, were said to have risen to 8.3 billion barrels of oil equivalent. This was backed by the discovery of two large deep-water oil fields offshore in the so-called sub-salt region.

According to the May edition of the OPEC Monthly Oil Market report, the start-up of the Peregrino field supported its growth estimate for 2011. The field is expected to reach peak production of 100,000 b/d within a year.

"Furthermore, the start-up of the third extended well test at the Lula project, which is seen to reach 70,000 b/d by year-end, further supports the anticipated growth," it commented.

On the other hand, noted the report, the high price of sugar was seen driving producers to reduce ethanol production, which could negatively affect growth in Brazil in 2011.

Preliminary data indicated that the country's oil production increased by 110,000 b/d in the first quarter of 2011, compared with the same period a year earlier.

OPEC's latest forecasts show that Brazil's oil supply in the second quarter of 2011 would amount to 2.84m b/d, up from the 2.72m b/d recorded in the first three months of 2011.

Supply was expected to edge up to 2.87m b/d in the third quarter of the year, rising to 2.96m b/d in the final three months of 2011.

Looking at the domestic economy, the OPEC report observed that strong final demand growth and the underperformance of industry had been two distinguishing

characteristics of the country's economy over the past 12 months.

"The economy seems to have continued in the same vein in the immediate past months," it observed.

The report noted that in the fourth quarter of 2010, the growth rate of Brazil's GDP, on an annual basis, stood at three per cent. This was less than expected, but more than third-quarter economic growth of 1.6 per cent.

"Nevertheless, the strong performance of the economy in the first half of the year assured full-year economic growth of 7.5 per cent in 2010."

Industrial production fell in late-2010, on a relatively broad base from capital and consumer goods, as well as electronics and communications equipment.

"The main factors contributing to this stalled growth in industrial production are believed to be supply bottlenecks and external competition, underpinned by the real, Brazil's national currency," the report observed.

It maintained that growing domestic demand looked to have continued into 2011.

"This is despite the authorities adopting tighter measures, such as raising banks' reserve requirements and increasing the capital requirement on consumer loans."

Looking at some of the country's economic figures in the first half, the report stated that Brazil's retail sales climbed by 8.3 per cent in January, compared with the same month the previous year.

And taking into account vehicles and building materials, the broad measure of retail sales actually rose by 11.2 per cent, on an annual basis.

"Robust domestic demand has been supported by improving labour market conditions. Credit growth also picked up in February, on a strong domestic outlook."

The country's March balance of payments figures showed that the current account deficit continued to widen gradually, while capital inflows surged in the first quarter, led by foreign direct investment and external borrowing.

"However, it is expected that capital inflows will slow in the coming months, due to the tax imposed on external debt issuance."

The March bank credit report showed credit flattening out at 46.4 per cent of GDP, the same level as in February. There is clearly a moderation of credit expansion, compared with 2010, when credit-to-GDP expanded by more than two per cent of GDP.

Other OPEC figures showed that Brazil's trade surplus widened in March to its highest level in three months as commodity price increases sent the value of exports surging.

Demand for domestic gasoline in Brazil continues to rise.

It resulted in the trade balance registering a surplus of $1.6bn in the month, up by 23.3 per cent from the $1.2bn recorded in February.

The value of the country's exports in March rose by 9.8 per cent from February figures to $19.3bn, while imports grew by 8.7 per cent to $17.7bn.

However, the nation's trade balance for the whole of 2011 was expected to fall to $14.2bn from $20.3bn in 2010.

It was expected that the trade surplus would narrow as imports become cheaper and exports less competitive, owing to the appreciation of the Brazilian real. Healthy domestic demand would make imports grow more quickly than exports.

Brazil's industrial production in February grew by 1.9 per cent over January. However, consumer durable goods showed a sequential contraction.

The report noted that despite the February lift, production remained slightly below the peak reached in March 2010. The March purchasing managers index fell to 53.2 from 54.6 in February and business confidence in the manufacturing sector continued to drift lower.

Selections from the al-Sabah collection:

A Treasury of Islamic Art

With great misunderstandings surrounding the historical trajectory of Islamic civilizations, any museum exhibition that sheds light on the cultural artefacts bequeathed to the modern age by the past is bound to be important. A current exhibition at the Kunsthistorisches Museum (KHM) in Vienna offers visitors a chance to see more than 350 art objects, from textiles to rock crystals to illuminated manuscripts, all carefully selected from the world-famous al-Sabah Collection of Kuwait. The ***OPEC Bulletin's Alvino Mario Fantini*** *visited the exhibition and spoke with Mag Agnes Stillfried, curator of education and communication at the KHM — and the organizer of the exhibit.*

17th century dagger and sheath with floral decoration; gold inlay with rubies, diamonds and emeralds; glazed enamel.

A 10th century Persian bowl with symmetrical palm designs connected by overlapping branches.

In order to understand the past, we moderns can turn to the written record, the documents and writings that were set down for posterity by our forebears. This historical record is immeasurably enriched by the archaeological and artistic artefacts that have also been left. In fact, one could argue that artistic works from the past offer us better clues about the people, culture and worldview of previous civilizations than do textual or written records, which have too often been the subject of exhaustive editing and, in some cases, censorship.

In the case of non-Western cultures — or those cultures that people consider outside the Western tradition — there is a two-fold handicap. On the one hand, what remains of the written record of, say, Islamic scholars and civilization is limited. On the other hand, exhibitions of Islamic art have too often suffered from a lack of diversity and a narrowness of focus. The current exhibition at Vienna's famed Kunsthistorisches Museum (KHM) offers a remedy.

I have much of this in mind as I walk toward the KHM to visit their current exhibition drawn from the world famous al-Sabah Collection of Kuwait. I think of the occasional Islamic *objet d'art* that I have seen in museums around Europe; but I've not yet had the pleasure of viewing an entire collection dedicated solely to Islamic art, let alone one that spans ten centuries. I am, needless to say, excited.

When I arrive, I meet the meticulously well-dressed and refreshingly precise Agnes Stillfried, curator of education and communication at the KHM. She has generously agreed to spend an hour with me walking through the exhibition's two viewing areas. As we meander through the hall, she points out certain objects that have special meaning or particular artistic significance; and occasionally I ask about something that has caught my eye. She is patient with my obvious dearth of artistic knowledge and patiently explains certain details, putting things into historical context for me.

Above all, she impresses me with her energy and mastery of both art history and the Arab world. This is no accident: she has both academic training in art history and, more importantly, many years of lived experience in the Arab world. "My husband and I lived in Arab countries for eight-and-a-half years," she says. "We had four-and-a-half years in Cairo and four years in Kuwait and I enjoyed it very, very much."

Her husband, Dr Georg Stillfried, was in fact Deputy Head of Mission and

Rock crystal chess-piece. Rook (or tower). The form is based on a certain model used in battle. This is from the third century after Christ.

Page from an illustrated manuscript of five epic poems by the Persian poet Nizami. 16th century Persia.

Director of the Austrian Cultural Forum at the Austrian Embassy in Cairo from 2000 to 2005. And from 2005 to 2008, he served as Austrian Ambassador to Kuwait, Qatar and Bahrain. He is currently Director of the Department for Southern Europe at the Austrian Ministry for European and International Affairs.

An unrivalled collection

True enough, as I walk through the exhibition room, I see ceramics and textiles, archaeological artefacts, gold coins and crystal objects around me. It's quite an impressive range of objects — about 350 in all. And Stillfried explains that this is just a tiny portion of the full collection, which has about 30–40,000 pieces.

The entire al-Sabah Collection, it should be noted, is not currently on public view. But parts of the private Collection have gone on tour around the world several times in the past decade. "The al-Sabah Collection is very generous and very liberal in its lending policies," Stillfried notes.

Beginning in 1983, the Collection was originally permanently housed in the National Museum of Kuwait. But military conflict in 1990 led to the destruction or looting of many of the items in the Collection. Since then, most of it has been in storage, Stillfried says.

How did this exhibition come to Vienna? "When I was in Kuwait," Stillfried explains, "I met the collectors — Sheikh Nasser al-Achmad al-Jabar al-Sabah and his wife, Sheikha Hussah Sabah al-Salem al-Sabah — and I knew the curators of the collection very well." She continues: "A year ago, Sheika Hussah told me the exhibition was going to Milan and then afterwards to Canada, and then she said: 'Why don't we send it to Vienna in between?' And I said, 'Why not indeed?' And I talked to my director general ... and here we are."

Diversity and richness

The selection of objects for the current exhibition was actually done by Professor Giovanni Curatola, an expert in Islamic art and architecture at the Università degli studi di Udine and the Catholic University in Milan, Italy. Together with the curators of the Collection, he was asked to put the current exhibition together.

There's not been an exhibition of this sort and of this extent in Vienna in years. "It's really very comprehensive," says Stillfried, "which is why it's proving very popular with people." In addition to the exhibition of materials

and objects, Stillfried has organized an accompanying lecture programme, which has also proved very popular. “Almost too many people are coming,” she jokes, “as it is almost difficult to find seats for everyone, but we’ve managed so far.”

As I stop and look at different artefacts, I make notes about imagery, designs and patterns; about colours and media used. I find the bejewelled objects fascinating but am engrossed in the various examples of illuminated manuscripts which dot the exhibition. At one point, I turn to Stillfried and ask which objects stand out for her.

“Well, there are objects that are very important and then there are objects that I like very much,” she says. She reminds me that what is on exhibit are not necessarily the highlights from the al-Sabah Collection but rather just a tiny fraction of what they have. “Professor Curatola selected items to give a comprehensive survey of Islamic art,” she says, “so some of the objects are maybe not as important or as valuable as others in the Collection — but he thought they would be more important to show a certain aspect of Islamic art because he wanted something from every part of the Islamic world.” This includes India, I note. Many of the more lavish examples of Islamic art come from 15th and 16th century India.

“I think there’s one very early tombstone from Saudi Arabia,” Stillfried notes. “That’s the only object from Saudi Arabia in this exhibition but it doesn’t mean that it’s the most valuable piece.” It just means that Curatola thought it was important to include it as well because Saudi Arabia is home to the two Holy Mosques, she explains.

She seems to prefer a little ceramic bowl with an intricate flowered pattern. “I must say,” she adds, “that I also love the jewellery, as most women do — even though it’s mainly made for men,” she notes with a smile.

An important legacy

As I continue viewing items and listening to Stillfried carefully explain their significance, or the innovation represented by a particular use of colour, pattern, or material, it occurs to me that I am like a participant in a master class in art history. I learn that there were numerous innovations that the tradition of Islamic art embodies. There is, for instance, the intricate calligraphy and the mathematically precise patterns that appear on domes, on the walls of mosques, on books and home furnishings, and on tiles on constructions everywhere. There is also the brilliant use of colour and dyes, as well as the ornate combination of precious stones and jewels, all tempered by a sense of humility before the Almighty.

There is something else that is present in the artefacts in this exhibition which gives me pause: the unabashed celebration of the transcendent and the eternal.

Page from an illustrated manuscript of five epic poems by the Persian poet Nizami. 16th century Persia.

The abstract representation of the world that is beyond our earthly existence is apparent in nearly every object. The objects seem to constantly point man toward the transcendent realm. Excerpts from the Quranic suras, for example, appear on articles of clothes and tiles, parchment pages and precious vessels.On one article of clothing to be worn under armour, the *99* names of God are expressed. In all things, there is a constant reminder that man is not the measure of all things.

But beyond provoking some rather interesting questions, what this exhibition does best is dazzle and inspire. The detailed workmanship is absorbing, the images are arresting, and the richness of both the handiwork and the material leave one well duly impressed. This is an exhibition to be savoured slowly, with enough pause at each booth or stand to read the descriptions or labels, to peruse the accompanying explanatory markers and charts, and to examine slowly and carefully the coins, the bowls, the vases, the shutters, the daggers, the brocade silk and the ancient wool. This is an enriching and edifying exhibition recommended to everyone regardless of penchant or preferences.

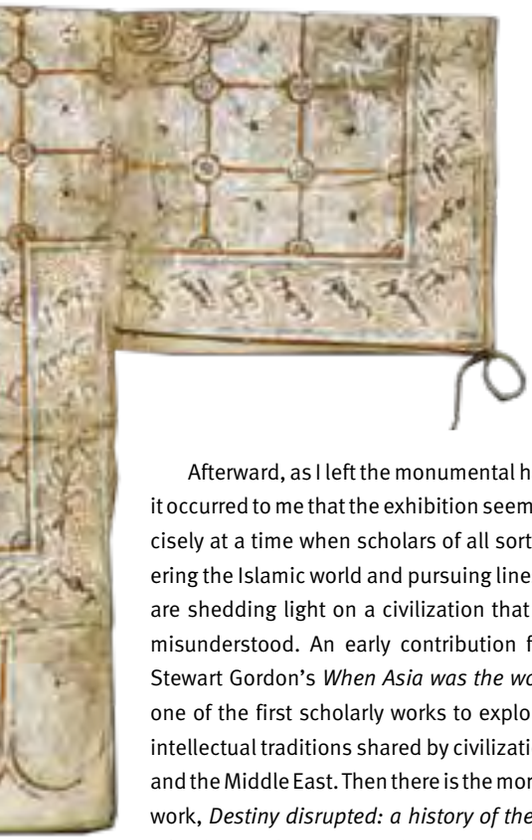
We pause at one particularly colourful page — full of detail and replete with pink hues, salmon colours, touches of chartreuse and gold — from an illuminated manuscript of the 16th century. "This was made for Emperor Akbar, one of the great Indian emperors," Stillfried explains. My hushed silence is a testament to how overwhelmed I am by its beauty. Sensing this, Stillfried says that it tells the story of Amir Hamza, the uncle of the prophet Mohammed. "It's part of one of the greatest Islamic manuscripts ever made — 14 volumes with 100 images each." Sadly, of the 1,400 images that it contained, only 140 or 150 have survived. Sixty of these are in Vienna's Museum of Applied Art, she points out.

Vienna, in fact, has a large amount of Islamic art. Many people don't realize this, she says. "We've got some really fabulous Islamic armour in the Collection of Arms and Armour and we've got some fabulous pieces in the Imperial Treasury," she notes.

The confluence of cultures

There's another object on exhibit here which also provokes interesting questions. It is an important textile fragment from late 12th century Afghanistan. What makes it so interesting is that it is identical to the lining of one of the central pieces at the Imperial Treasury, a cloak made by Arab craftsmen in the royal workshops in Sicily in 1133, used for the coronation of the Roman Emperors. "We don't know how this is explained," she says, "but what it does show you is that there was much more exchange and trade than we normally think of in the 12th century."

I suggest that we might consider this an early example of the process of globalization and the medieval encounter of cultures. Stillfried nods and says, "It is one of the intentions of the exhibition to show how extensive the Islamic world was." Too often, she explains, people tend to think of the Islamic world as just the Middle East but it was much more extensive — from Spain to China and India. "We in the West tend to think of ourselves as the sole heirs of classical antiquity," she adds, "but not only, as the Islamic world is as much of an heir." Syria, the Holy Land, Egypt — all of these places were part of the Holy Roman Empire, as well as of the Byzantium Empire early on, she notes.



A luck-bringing shirt that was to be worn under one's armour with the 114 suras of the Koran — and the 99 names of Allah — written on its surface. 15th century India.

Afterward, as I left the monumental halls of the KHM, it occurred to me that the exhibition seemed to come precisely at a time when scholars of all sorts are re-discovering the Islamic world and pursuing lines of inquiry that are shedding light on a civilization that is all too often misunderstood. An early contribution from 2008 was Stewart Gordon's *When Asia was the world,* which was one of the first scholarly works to explore the common intellectual traditions shared by civilizations across Asia and the Middle East. Then there is the more focused 2009 work, *Destiny disrupted: a history of the world through Islamic eyes,* by writer Tamim Ansary, which provides an account of the history of the world and the succession of empires from the perspective of the Muslim Community.

The KHM exhibition seems to complement these written works. I even think back to a lecture by a classical scholar years ago who reminded the audience that most classical philosophy would have been entirely lost to us if it had not been preserved, translated and analyzed by Muslim scholars.

This new-found attention on the history of Islam and the Muslim conception of history is brought wonderfully (and colourfully) to life in the KHM exhibit. Seeing such glorious works of art, reading and learning about the mathematical complexity of some of the designs, the broad influence of arabesque imagery, the scientific manuals and philosophical texts makes one viscerally aware of the lost richness of that civilization.

Much has been forever lost to posterity; but exhibitions like this remind us that there is a lot left to learn about the cultures and civilizations of the Middle East and Asia. There are important commonalities and artistic complements about which we should all be more aware.

The exhibition "al-Fann: Art from the Islamic Civilization from the Al-Sabah Collection of Kuwait" runs until June 19. Information at *www.khm.at.*

All images courtesy of the Kunsthistorisches Museum, Vienna.

Illustrated page representing the capture of Marzouk. From a 16th century manuscript of the story of Hamzanama (also called Amir Hamza), the uncle of the Prophet Mohammed.

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

This page is dedicated to capturing those visits in pictures.

Left: OPEC Secretary General, Abdalla Salem El-Badri (r), received the new Ambassador of South Korea, Hyun Cho, on May 11, 2011.

Gabriel Dansou Lokossou (l), Executive Secretary of the African Petroleum Producers' Association (APPA), based in Brazzaville, Congo, visited the OPEC Secretary General, Abdalla Salem El-Badri, on April 26, 2011.

Students and professional groups wanting to know more about OPEC visit the Secretariat regularly, in order to receive briefings from the Public Relations and Information Department.

This page captures such visits pictorially.

Students who formed part of the Schuelerkolleg International Programme in Germany, visited the Secretariat on May 6.

Visiting the Secretariat on May 12, 2011, were military students from Mainz, Germany.

Students from the University of South Carolina, US, visited the Secretariat on May 16, 2011.

OPEC/OFID runners in impressive form at Vienna City Marathon

Venezuelan twin appeal!

The OPEC Fund for International Development (OFID) celebrated a one-two family triumph in this year's Vienna City Marathon in April, when the younger twin brothers of senior computer systems officer, Jorge Gonçalves Romero, who were running under the institution's banner, hit the finishing tape within a few minutes of each other.

The dynamic distance running duo from Venezuela were applauded over the finishing line at Heldenplatz, in the city's first district, by their 53-year-old big brother, Jorge, 14 years their senior.

For the visiting twins, who are identical, and have been sports fanatics from an early age, it was yet another sporting achievement firmly under their belts.

Both Jesus Gonçalves Romero and his younger (by five minutes) brother, Joel, entered this year's Vienna marathon under the OFID theme of 'Uniting against poverty', which ties in with the 35th Anniversary the Fund is celebrating this year.

Jesus and Joel completed the 42.2 km endurance run in impressive times of three hours 34:47 minutes and 3:41:17, respectively.

The third member of the OFID/OPEC group to complete the full course was Douglas Linton, a Research Specialist, at the OPEC Secretariat.

OFID

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Douglas Linton completed the full Marathon.

Douglas, who was competing in his sixth Vienna marathon, came home with a time of 5:11:57, which, as he admitted afterwards, was far from his best, but still gratifying considering the setbacks he has suffered over the past 18 months.

Injury problems, which caused him to miss the 2010 marathon, and recent surgery on a damaged knee, did not give Douglas sufficient time to properly prepare for the 2011 run. So his completion of this year's course was especially gratifying. But it proved to be a family affair for Douglas also — his four young daughters all took part in the children's races.

There was actually a fourth member of the OFID/OPEC runners that completed the full marathon, but he kept the success a secret.

Reza Djojosugito, a Legal Officer at OFID, was competing in one of the relay teams — the 'Turtles' — and he was down to do the first and longest leg of 16 km. However, unknown to others around him, he did not stop there but continued to fulfill his burning ambition of completing the whole race — which he did, in a little over six hours.

brightroom.com

Jesus and Joel Gonçalves.

"I am extremely proud of all our runners — OFID and OPEC alike — and of the magnificent team spirit demonstrated by everyone who turned out to lend their support."

— Al-Herbish

For the Gonçalves twins, in chalking up yet another marathon achievement, it was further confirmation of their impressive sporting success, a lifestyle and commitment that began back in their home country when they were just toddlers.

Representing their country

At the age of five, the twins represented their country in an international baseball tournament in Puerto Rico.

And in 2002, they participated in the international Spanish squash championship, 'Pelota Vasca'.

Both Jesus and Joel have been keen distance runners since their high-school days. Nowadays, in the Venezuelan capital, Caracas, where they both live and work, they train daily at the Parque del Este.

Over the years, they have competed in numerous marathons — in Chicago, Paris, New York, Berlin, Caracas, Vienna, and London.

And it was in New York, in 2008, that they set their best ever times for the event — at three hours 16 minutes for Joel and three hours 25 minutes for Jesus.

The twins, who both graduated in Business Administration in 1996 and have worked together since 2006, are also experts in 'Amazonas and Andes' hiking.

But the athletic ability Joel and Jesus undoubtedly possess is not just restricted to the sporting arena. They are both members of 'Grupo de Rescate Venezuela', one of the most important voluntary emergency rescue teams in Venezuela.

The twins are experts in helicopter search and rescue operations, as well as deep-sea diving. There seems to be no end to their talents.

And their performance in the Vienna marathon proved to be the icing on the cake of another great sporting day for the OFID/OPEC sports and social group.

Over 120 runners, representing the two organizations' staff and their families, had the chance to compete with some of the world's premier athletes, including the world's greatest ever distance runner Haile Gebrselassie of Ethiopia.

On a sunny, but rather cool Sunday morning — in fact perfect conditions for a marathon — the OFID/OPEC entrants joined well over 32,000 other contestants from

Vienna City Marathon 2011 — results

Men

1. Kiprotich John, Kenya, 02:08:29
2. Ivuti Patrick, Kenya, 02:08:41
3. Kiplagan Evans, Kenya, 02:09:22

Women

1. Tola Fate, Ethiopia, 02:26:21
2. Felix Ana-Dulce, Portugal, 02:26:30
3. Arusei Peninah, Kenya, 02:27:17

OPEC/OFID results

Marathon

Jesus Goncalves Romero, OFID, 3:34:47
Joel Goncalves Romero, OFID, 3:41:17
Douglas Linton, OPEC, 5:11:57
Reza Djojosugito, OFID, 6:18:00

Half-Marathon

Romulo Martinez, OFID, 1:47:37; Axel Bauer, OPEC,1:48:52; Harald Tobolka, OPEC, 1:54:33; Gabriele Oesterreicher, OPEC, 1:54:33; Mehdi Asali, OPEC, 1:58:24; Brahim Aklil, OPEC, 2:25:04; Merghani Hassan, OFID, 2:31:47; Agus Suhartono, OFID, 2:40:09; Ian Begg, OFID, 2:40:07; Diana Lavnick, OPEC, 2:51:47; Sugeng Haryanto, OFID, 2:52:12.

Relay teams

OPEC Bulls, 3:40:22; OPEC Pentium, 4:04:50; OFID Dynamos, 4:10:59; OPEC Oily, 4:22:01; OFID North Africa, 4:22:45; OFID Lizards,4:26:01; The Turtles, 4:53:52; OPEC Quotas, 4:55:00; Ofid 4 Team Spirit, 5:05:24; Rising with the Sun, 3:28:59.

Coca Cola run (4.2 km)

Thowaini Al-Qallaf, Sophia Yahyai, Matthias Birnbach, Samuel Martinez, Luisa-Parada Schönleitner, Thunayan Al-Qallaf, Maximilian Bauer, Naomi Linton-Kubelka, Eleanor Linton-Kubelka, Esther Linton-Kubelka, Emilia Linton-Kubelka, Jasmin Herdin, Selma Yahyai, Isabel Martinez, Rania Djojosugito, Ebita Korley, Hillary-Tetteh-Klu Korley, Samuel Skotton.

Kids challenge (1 km)

OPEC: Rachel Leah Skotton, Anna Birnbach, Jahmina Korley. OFID: Karim Farag, Franziska Mercedes Marschner, Anna Karina Salas, Cristina Isabel Linares, Andrea Isabel Linares, Marco Antonio Nouri, Karim Farag, Phuong Tuong, Thao Nguyen-Truong, Laura Emma Begg, Sobh Azza, Mohamed Abdalla, Izzaldin Abdalla, Tala Qaddoheh, Rodgrigo Parada Schönleitner, Yara Qaddoheh, Hussain Al-Qallaf, Leopold Truong-Nguyen, Louis Truong-Nguyen, Samuel Truong, Reviena Djojosugito, Freiza Djojosugito.

Dr Mehdi Asali, half-Marathon runner.

110 different countries at the start of the 29th version of the race alongside the Vienna International Centre on Wagramer Strasse, before setting off over Reichsbrücke.

This year's OFID/OPEC participants included 30 children, who took part in various smaller races designed for different age groups.

And as in previous years — OFID has been a keen supporter and sponsor of the marathon in Austria's capital since 2008 — most of the contestants running under the umbrella of the two OPEC institutions competed in relay races, which numbered ten teams this year.

However, apart from the four full distance runners, quite a number completed the half marathon, still a major feat in itself. The best time for this was set by the Fund's Romulo Martinez, an Operations Officer, who set a time of one hour 47:37 minutes.

And at the Heldenplatz finishing line, OFID and OPEC runners and their families and friends gathered at the OFID VIP tent, now a regular feature on the square, where

Diana Lavnick, half-Marathon runner.

Gabriele Oesterreicher, half-Marathon runner.

OFID's Director General, Suleiman J Al-Herbish, paid tribute to their success and achievement.

He told the contestants: "I am extremely proud of all our runners — OFID and OPEC alike — and of the magnificent team spirit demonstrated by everyone who turned out to lend their support."

In handing out personal achievement awards, he said: "As well as being a thoroughly enjoyable event, the Vienna City Marathon is a perfect opportunity for OFID to give visibility to its mission of 'Uniting against Poverty'.

Al-Herbish gave particular mention to the fact that international attention had this year been drawn to the Vienna race by the participation of high-profile runners, including Ethiopian legend Haile Gebrselassie.

The world record holder for the marathon won the Vienna half marathon in a time of one hour 18 minutes.

Gebrselassie, who set an amazing 27 world records and won two Olympic gold medals and four world championship titles for the 10,000 metres in his career, briefly announced his retirement in 2010 after injury forced him to drop out of the New York marathon.

But he quickly changed his mind, announcing that he wants to compete in the London Olympics in 2012. The Vienna half marathon was a warm-up towards that, after overcoming his injury.

And as always at the event, the OFID/OPEC runners had the full support of their cheerleaders, led by Rachel Ben Ftima, OFID Social Committee Chairwoman, who led the squad of tireless people through the streets of Vienna, spurring on the runners with the help of whistles, drums, and other noisy devices.

OFID takes great pride in its involvement in the Vienna marathon. As explained by Director-General, Al-Herbish, the institution sees its support of Austria's premier sporting event as a way of helping to put something back into a country that has been the seat of its operations since 1976.

Brahim Aklil, half-Marathon runner.

The Fund first became a sponsor in 2008, participating at that time under the banner 'Running against poverty'.

In 2009, OFID/OPEC participants had 'Making strides together' emblazoned on their running shirts, while last year the slogan read 'Running for a better future'.

Kenyan winner

As to the marathon itself, the 2011 event was won by John Kiprotich of Kenya for the men and Ethiopia's 23-year-old Fate Tola for the women, who set a personal best of two hours 26:21 minutes. The 22-year-old Kiprotich improved his personal best by more than seven minutes in clocking a finishing time of two hours 8:29 minutes.

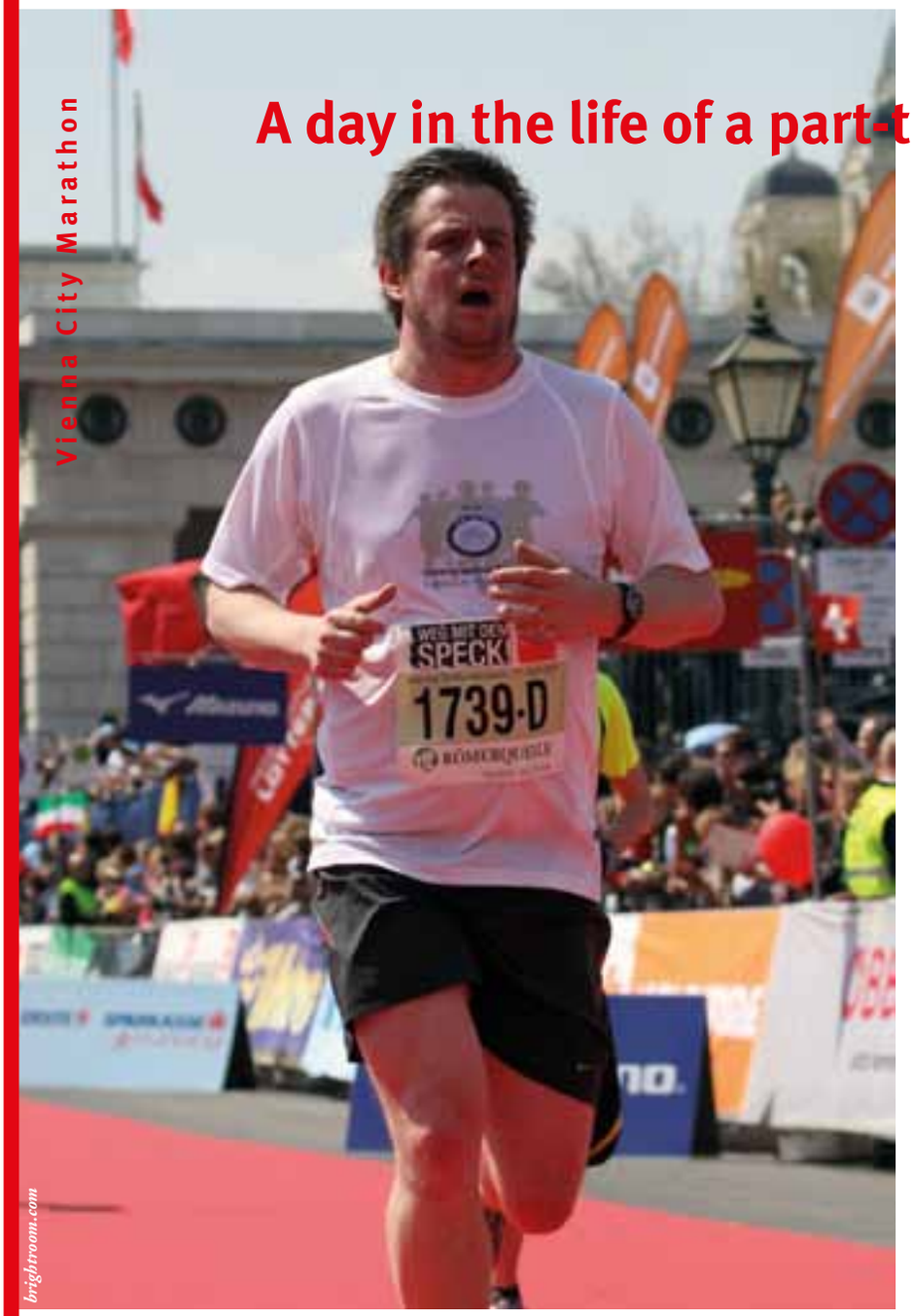
The Vienna marathon, which was the brainchild of the former Mayor of Vienna, Helmut Zilk, saw its first race in March 1984, when just 794 contestants finished.

Over the years, the event has grown into an international spectacle for Austria and its capital when an estimated 250,000 spectators throng the streets, while another 300,000 viewers follow the live transmission on television.

The homepage of the marathon — www.vienna-marathon.com — counts more than 400,000 hits annually and there are 2.2 million entries concerning the run on the internet.

And the financial rewards for the city are also high — every year the marathon generates revenue of 15 million euros for the city.

A day in the life of a part-time marathon runner



brightroom.com

James Griffin, relay runner.

The annual Vienna Marathon has become a regular event for many staff at both OPEC and the OPEC Fund for International Development (OFID). In this personal review of this year's race, an OPEC runner offers up a somewhat alternative view of the occasion.

By James Griffin

It was not the most auspicious start to marathon day. Dreams of relaxation, good sleep and a focused mind were shattered by the cries of a hungry, five-month-old boy! It was all a bit of an early morning blur. Was it really time to get up? Was my race day starting at 6 am? Before long his older sister chirped in: "Daddy, what you doing? Daddy, come and play." It was time to prepare. Not for the run though; for their breakfast!

I had been told by a keen marathon runner that breakfast should be well thought out. It was important, he said, to plan the meal to help with the day's race. It all started in a good way with my daily toast and jam, but then my well laid plans began to fall apart. The banana I had been saving was missing. A quick look in the bin solved the mystery. It had been eaten! It was not the first time this had happened, and I was pretty sure it would not be the last!

I had also been told that relaxing on the day was important. Stay off my feet, I thought, imagine yourself running well. This was all well and good, but the practicalities of family life made the reality a little different. How many professional runners spend their mornings changing nappies, emptying dishwashers and mopping floors?

It would be stretching the truth a little, however, to suggest I was a professional marathon runner. It was true I was due to finish the marathon course later that day, but only as the last runner in a relay team! Nevertheless, given the training I had been able to do, the 11.3 km leg represented something of a personal marathon.

Leaving the mop, nappies and children behind, I headed out with a colleague to our changeover area. News circulated that the winner of the half marathon, the legendary Haile Gebrselassie, had finished in just over an hour. Not bad, we thought, though we were hoping for something a little faster (albeit for around half the distance)!

It was now that the race preparation began in earnest. The u-bahn ride to the Ernst Happel Stadion was shared with a carriage full of fellow runners, many clutching the marathon's regulation blue kit bags. It was time for positive thinking. Although for some reason I kept thinking of my body as an onion, with layer upon layer of problems; that and the previous year's race, when a toilet stop was needed only two minutes after the start. At least I am starting in the Prater this year, I thought, with plenty of woodland for cover.

The weather and venue were perfect — a crisp spring day in Vienna's Prater. There were already runners streaming through, some part of the relay, but others on for a very decent time of well under four hours for the full marathon. We found our start point and began limbering up and swigging from water bottles. The changeover point quickly became unruly; like a mountain stage in the Tour de France when the crowds line the road, athletes here had to negotiate a tight corridor, as we and others crowded them out, desperate to spot our incoming relay partner. An organizer's loud hailer helped clear the way, but when his back was turned it was not long before we inched our way back.

Thankfully, my partner was tall, so he was soon spotted above the throng of eager runners awaiting the off. And then I was away; a little fast perhaps, but the adrenaline was kicking in. First it was down to the Lusthaus end of the Prater, past woodland floors of pungent wild garlic, discarded banana skins (adding insult to my breakfast torment), and shouts of encouragement from the crowd. It seemed like I was passing everyone; a huge confidence boost until I remembered that the majority were about 30 km into their run already. My smugness dissipated quickly, particularly given the determination, and at times agony, etched on the faces of those completing the full distance.

From the Prater, we massed towards the city centre, following the Donau Kanal. I was in the rhythm, notching up kilometres of less than five minutes apiece. And I even found myself putting in an involuntary spurt as Bruce Springsteen's 'Born to run' blasted out from a roadside speaker. Don't get carried away, I thought, and my mind then recalled a friend's idea of the perfect marathon song, REM's 'Everybody hurts'! I quickly returned to a more sensible pace.

It was then onto the Ring and a final push up the slight, but long incline to the finish at Heldenplatz. This was the first time my legs would not do exactly as they were told, and at this point I regretted the Springsteen spurt! As the stands came into sight, however, another (albeit small) adrenaline rush helped me to the finish; I passed a fellow runner I decided to race, although he had not read the script and put in a finishing burst himself to just pip me at the line.

While I did not take on the whole marathon, I felt satisfied I had done my bit. Now I no longer have to think of my body as an onion. But the tears at the end were not of joy or relief — just an errant fly in my eye! With a medal around my neck, my once a year jaunt as a part-time marathon runner was over. It has never felt better to get back to the mop, dishwasher and nappies.

OFID

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THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT

Uniting against Poverty

OFID: Helping 'pave the way' to enhanced development in Paraguay

*OPEC Fund for International Development (OFID) projects and development aid programmes around the world are a growing source of pride for the Vienna-based institution. The **OPEC Bulletin** has been looking at examples of the essential work carried out by the Fund through its various aid channels to enhance socio-economic advancement. In the first part of the series, we highlighted how OFID was helping Sierra Leone with a valuable water project. In this second feature, OFID Information Officer, **Damelys Delgado**, looks at how Paraguay is benefitting from the Fund's assistance.*

OPEC Fund for International Development (OFID)

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Paraguay is a landlocked country that shares the third-largest groundwater reservoir in the world — the Guarani Aquifer — with a below-surface area of over one million square kilometres, with Brazil, Argentina and Uruguay.

Despite a well-developed network of rivers, consisting of the Paraguay and the Parana with a navigable length of around 6,200 km, Paraguay needs to develop a network of roads for the transport of goods, mainly agricultural products, one of the country's principal exports.

Paraguay's road networks require development, especially when compared with its partner countries in the Mercosur region, the largest trading bloc in South America.

Few paved roads connect the main production and population centres. Paraguay has an officially inventoried road system stretching over 32,000 km. However, only 4,860 km of this network is paved. Current infrastructure efforts average only 100 km of newly paved roads per year.

Regional competitivness

As a member of Mercosur, it is imperative that Paraguay increases its regional competitiveness by improving access to neighbouring countries and international markets.

In recent years, public infrastructure investments have been made with a significant diversification of financing institutions.

Romulo Martinez/OFID

Paraguay needs to develop a network of roads for the transport of its goods.

OFID, from the very beginning, has had an active role in this improvement process, as part of the Initiative for the Integration of Regional Infrastructure in South America (IIRSA), which was launched by and remains supported by regional multilateral development financing institutions.

The IIRSA initiative has conceptually organized the South American region into integration and development blocks, based on intra-regional and global investment and trade opportunities, according to productive supply chains.

In the context of the IIRSA, Paraguay has the highest priority, due to the lack of efficient road infrastructure in the country.

Around 90 per cent of all domestic freight traffic in Paraguay uses the road system, where the poor conditions hinder the smooth transportation of mainly agricultural products.

Paraguay, the sixth largest producer of soybean globally, is the fourth biggest exporter of soybean, falling just behind Brazil, the United States and Argentina. In the last ten years, soybean exports have exceeded the country's exports of cotton and meat.

So far, OFID has participated in two projects related to the improvement of Paraguay's road networks. The first scheme, called the 'Road rehabilitation project', was supported by OFID, in partnership with the Venezuelan-based CAF development bank and the government of Paraguay.

The scheme set out to increase access to international markets and reduce vehicle, road operation and transportation costs.

Growing partnership

Concurrently, improvement in road transport conditions has reduced travel time and provided a safe alternative route to import and export between Paraguay and Brazil.

On the other hand, OFID's partnership with CAF has grown significantly since both institutions started working together in Paraguay in 2004. Their relationship has been strengthened with the signing of an enhanced cooperation agreement between the two sides in June 2010.

Romulo Martinez, Officer in Charge of Paraguayan Projects and Programmes at OFID, commented that the road rehabilitation project would be of direct benefit to 85,000 people, particularly the rural population and inhabitants of the Departments of San Pedro, Caaguazu and Amambuay.

He pointed out that the project was "a successful milestone in the efforts to improve the country's road sector."

Road improvements

The scheme was designed to improve 23.5 km of road between the towns of Yasy Kany and Capiibary and some 58.7 km of road between Nueva Germania and San Pedro.

OFID financed $12 million — some 46.5 per cent — of the total cost of the project, which was estimated at $26m. The rest of the funding came from CAF and the government of Paraguay.

The areas helped are among the poorest in the country, in terms of unmet basic needs and with an estimated population of one million, even though the region contributes with almost 100 per cent of the national production of soybean and maize.

OFID's Martinez noted that with the positive performance of Paraguay, OFID was currently funding a second project called the 'National Rural Roads Programme'.

This scheme was being funded through a $50m loan from the Japan International Cooperation Agency, a $65.5m loan from the Islamic Development bank (IDB), a $29m loan from OFID and a $25.4m loan from the Paraguayan government.

OFID's support was equivalent to 17.1 per cent of the total cost of the programme, which had been estimated at $170m.

This scheme is aimed at improving around 1,150 km of road, involving 4 km of bridges.

According to Efraín Alegre, Paraguay's Public Works Minister, "the project will aim to improve roads in the most critical zones and replace some 200 wooden bridges with reinforced concrete structures."

OFID's involvement is this programme has already received high praise.

Javier Recalde, also from Paraguay's Public Works Ministry and Head of the CAF-OFID Projects Unit, stressed


Romulo Martinez/OFID

Construction work in progress ... so far, OFID has participated in two projects related to the improvement of Paraguay's road networks.

that the Fund's support had been positive, as demonstrated by the efficiency in its administration of the resources required.

"Adjustments were made to the project in a fast and easy-going manner," he said, adding that this enabled OFID to make the project disbursements in just about a year.

The social impact of the programme will benefit up to 70,000 families, or more than 350,000 people, in ten departments of the eastern region: Concepción, Cordillera, Guairá, Itapúa, Misiones, Paraguarí, Alto Paraná, Ñeembucú, Amambay and Canindeyú.

Of special note, the international trade in, and local sales of, soybean, maize and other cereals will be enhanced by the shortened travel time between the production and the export areas.

Paraguay is clearly moving forward and OFID is helping pave the way to even greater development.


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This section includes highlights from the OPEC Monthly Oil Market Report (MOMR) for May 2011, published by the Petroleum Studies Department of the Secretariat, with additional graphs and tables. The publication may be downloaded in PDF format from our Website (www.opec.org), provided OPEC is credited as the source for any usage.

Crude oil price movements

The OPEC Reference Basket increased further in April, moving within a range of $115–120/b and supported by the futures market. It even passed the $120/b mark in the second week of the month. That was the first time it had exceeded this level since the first week of August 2008.

The Basket weakened in the following days, but rose again to just above $120/b in the final days of the month.

For the whole month, the Basket averaged $118.09/b, up by $8.25/b from March and a gain of $35.76/b on a year ago. That was the highest monthly level since the record of $131.22/b of July 2008. April was the ninth consecutive month in which the Basket price had increased.

All Basket components rose, particularly Brent-related African grades, which gained more than $10/b.

Algeria's Saharan Blend showed the largest increase of $10.62/b, or 9.2 per cent, followed by Nigeria's Bonny Light with $10.37, or 8.9 per cent. African crudes continued to be supported by the disruption to Libyan exports. Angola's Girassol rose by $8.39/b, or 7.3 per cent. Middle East grades also increased, but at lower rates, amid ample supply and limited demand from Japan, because of the extended shutdown of some refineries following the triple catastrophe there.

In late-March, the Middle East crude oil market strengthened, as demand from Japan started to show some signs of recovery and Oman crude was heard to be trading at a premium as wide as $1.45/b.

Among the Basket's Mideast grades, Iran Heavy rose by more than $8.20/b, Murban by $8.02/b and Kuwait Export by almost $8/b. Only Arab Light, Basrah Light and Marine displayed gains of less than $8/b. Venezuela's Merey added a further $8.22/b, or 8.5 per cent, and Ecuador's Oriente gained almost $7.8/b, or 7.4 per cent.

In early May, the OPEC Reference Basket weakened significantly as market sentiment turned bearish following disappointing macroeconomic data and the recovery in the US dollar.

The Basket fell for six consecutive trading days to stand at $104/b on May 6. However, after declining more than $16.50/b in six days, the Basket showed some recovery to stand at $111.48/b on May 10, lifted by a sharp increase in futures prices.

On the Nymex, the WTI front-month contract started the month at almost $108/b and increased over the following days, supported by unrest in the MENA region and positive macroeconomic data, including solid job figures from the US, which reinforced economic growth expectations.

Prices were also supported by a strike in Gabon and fears of supply disruptions in Nigeria, after elections were postponed by one week.

However, prices eased from a 32-month high of nearly $112.8/b during the second week, in a sell-off after Goldman Sachs had advised investors to lock-in trading profits before oil and other commodity markets reversed. Prices were also pressured by a move by China's central bank to increase interest rates for the fourth time in six weeks, in order to curb stubbornly high inflation.

Therefore, the WTI front-month contract lost $2.87/b on April 11 and $3.67/b on the following day to settle at $106.25/b, the lowest level since the end of March and indeed the lowest for the whole of April.

However, futures prices recovered over the following days to follow a steady upward trend and close at $113.93/b on the last trading day of April.

On a monthly basis, the Nymex WTI front-month contract increased by $7.06/b, or 6.8 per cent, to average $110.04/b. That was the highest level since the $116.69/b of August 2008.

US crude oil futures fell sharply in early May as price-taking unexpectedly triggered a sharp sell-off. Market sentiment was also weaker on disappointing macroeconomic data from the US and the Euro-zone as well as a recovery in the US dollar.

OPEC Reference Basket: An average of Saharan Blend (Algeria), Girassol (Angola), Oriente (Ecuador), Iran Heavy (IR Iran), Basra Light (Iraq), Kuwait Export (Kuwait), Es Sider (SP Libyan AJ), Bonny Light (Nigeria), Qatar Marine (Qatar), Arab Light (Saudi Arabia), Murban (UAE) and Merey (Venezuela).

A continued build in US crude oil inventories also pressured prices. The Nymex WTI front-month contract fell below $100/b on May 5 after having lost nearly $9.5/b, the largest drop in a single day since the onset of the 2008 financial crisis.

Prices declined a further $2.62/b the following day, pushing the weekly loss to $16.75/b, the biggest weekly decline ever. However, on May 9 the Nymex WTI front-month contract increased sharply by $5.37/b to settle at $102.55/b, reflecting higher volatility.

ICE Brent kept its premium over Nymex WTI and traded in a $119-127/b range in April. The North Sea benchmarker gained $8.42/b over the previous month, compared with a $7.06/b increase for Nymex WTI over the same period.

Brent followed a similar trend to Nymex WTI. The contract strengthened in the first week of the month to hit a high of $126.65/b on April 8, before losing a total of more than $5.7/b over the following two days, due to a sell-off triggered by a Goldman Sachs report which advised investors to do this with their crude future positions. Prices eased afterwards, but recovered later to stand at nearly $125.9/b on the last trading day.

In April, ICE Brent averaged $123.09/b, the highest level since the $134.56/b of July 2008.

ICE Brent followed the same trend as Nymex WTI in early May and plunged $16.75/b in the week ending May 6 with a drop of $10.39/b on May 5 alone. That pushed the ICE Brent front-month contract down to $109.13/b. Nevertheless, following the same trend as Nymex WTI, the June ICE Brent contract jumped by almost $6.8/b by May 9.

Commodity markets

Looking at trends in selected commodity markets, the OPEC report said the World Bank energy commodity price index (crude oil, natural gas and coal) rose for a ninth straight month in April, driven by the conflict in the MENA region. It was up 6.5 per cent from March. Except for coal, the rest of the complex showed strength.

Henry Hub natural gas prices reversed their fall in March, increasing by 6.8 per cent m-o-m to $4.24/MMbtu. Most of the price increase took place at the end of April, due to colder temperatures for consuming regions and the spring maintenance of a number of nuclear plants.

The World Bank non-energy commodity price index recovered by two per cent m-o-m compared with a decrease of 4.8 per cent in March. There was a slight rebound in a few industrial metals, but more of the support came from the grain complex and to a lesser extent soybean and soybean oil. Precious metals kept increasing, but at a slower pace.

The market dynamics in April responded to similar factors from a month earlier, such as the crisis in the MENA region, the triple disaster in Japan and the potential risk posed by higher oil prices for the global economy.

Furthermore, there was some bearish news in April, such as the interest rate increase in China for the third time since last October, and the lowered growth forecast for US and Japan posed by the IMF. These factors offset the weakening of the US dollar

Base metal prices rose by a slight 0.9 per cent m-o-m in April, compared with a 2.9 per cent fall in March, mainly on fundamental news, pessimism on demand growth and some mixed macroeconomic data. Aluminium, lead and tin performed the best in April within the complex.

Aluminium prices advanced further by 4.8 per cent m-o-m to around $2,678/tonne in April, the highest price since August 2008, while the price of lead rose by 2.9 per cent m-o-m to $2,700/t.

Nickel prices saw a milder fall of one per cent m-o-m to $26,408/t in April, compared with a sharp 5.5 per cent drop in March caused by the earthquake in Japan, while the price of zinc rose by 0.9 per cent m-o-m to $2.360/t in, essentially on weak fundamentals.

Copper prices dropped by 0.1 per cent m-o-m to $9,493/t in April, compared with a 3.7 per cent fall in March, while the price of tin rebounded by 5.8 per cent m-o-m to $32,363/t.

Gold prices posted another gain of 3.9 per cent m-o-m to $1,479.8/oz in April and silver jumped by 19 per cent m-o-m to $42.80/oz, supported by a combination of growing inflation expectations, a low US real interest rate and mixed sentiment concerning downside risks to the global recovery.

Corn prices jumped by 9.9 per cent m-o-m to $319.3/t in April, reversing the drop in March, which was due to the tragic events in Japan.

Sugar prices on the US markets tumbled by 3.7 per cent m-o-m to 84.3¢/kg in April, while the price of US soft red wheat rose by 3.9 per cent m-o-m to $314.9/t, after a sharp decrease a month earlier.

Soybean prices hardly grew by 0.5 per cent m-o-m to $556/t in April, mainly on expected good production from Brazil and a bearish mood in the futures markets where investors thought that the wet weather in the US corn belt would force farmers to increase acreages of soybean instead of corn.

Highlights of the world economy

In looking at developments in the global economy, the OPEC report said the most recent data from the US was slightly weaker than expected and shows that the economy has experienced a recent slowdown.

The initial estimate for GDP in the first quarter of 2011 was only 1.8 per cent annualized quarterly growth. This compares with a level of 3.1 per cent in the fourth quarter of 2010. The unemployment rate moved back to nine per cent, compared with 8.8 per cent previously.

The Institute for Supply Management (ISM) index for non-manufacturing activity, which constitutes more than two-thirds of the economy, declined considerably. Retail trade recorded the smallest rise since July 2010 and inflation has risen significantly in March.

The lower figure for first quarter US GDP is mainly attributable to the fact that government expenditure declined by 5.2 per cent. This was the steepest drop since 2007 and, although it is not expected to continue, the decline will potentially have an impact on the magnitude of annual growth.

Secondly, it should be highlighted that the GDP figure is likely to be subject to further revision over the coming weeks when two more readings of first quarter GDP data will be released.

The ISM gave the indication of an economy that, while it continues recovering, is slowing down a little. The ISM for the manufacturing sector has held levels well at 60.4 in April from 61.2 in March, and so it has not changed very much.

On the other side, this is the fourth consecutive month that it is holding up above the 60 level. The last time this happened was only in the months of March to June in 2004, and usually such a level marks a peak.

To see a level that has been higher, one has to go back to 1983, when it reached 66 in May. This was accompanied by a peak GDP growth level of 9.3 per cent annualized quarterly growth in the second quarter of 1983; after this level, the economy decelerated.

Furthermore, the ISM for the non-manufacturing sector has experienced a sharp drop already, moving from the March level of 57.3 to 52.8. Considering that this sector is responsible for more than two thirds of the economy, it should be at least considered as a cautionary signal that this side of the economy appears to be decelerating.

Consumer spending has experienced some slowdown. Retail trade, at 0.4 per cent m-o-m, was at its lowest level since July 2010, potentially affected by rising inflation, which hit 2.7 per cent y-o-y in April, after 2.2 per cent in February.

This is driven mainly by food and energy prices, and therefore the Fed considers that this level will be only temporary. Consumer confidence, while it has declined a little, is holding up well so far.

The Conference Board Consumer Confidence Index was at 65.4 in April, increasing from 63.8 in March, signalling a continued positive spending habit.

This is accompanied by a continued pick-up in consumer credits. Consumer credit loans rose by $6bn, which is again in line with historical averages and marks the sixth consecutive month of rising consumer debt.

While the economy is recovering and is still being supported by the additional fiscal stimulus measures introduced at the end of last year and by the monetary support programme of the Fed through low interest rates and the quantitative easing programme, which will expire in June, it seems to have lost at least some momentum.

While a pick-up in the remainder of the year should be expected, the expansion is expected to be at a lower level than in the previous year. Although the economy is demonstrating robustness, it does not seem to be able to grow much more, particularly with a still – albeit improving – challenging labour market and support measures that are tapering off throughout the year.

The US economy is, therefore, now expected to grow at 2.6 per cent, a slight slowdown from last year's 2.9 per cent, with the risk of further revisions to the upside or the downside currently evenly balanced.

The Japanese economy is still facing the challenges of the tragic events of March and it remains unclear how the economy will develop in the near future.

First indications lead to the conclusion that the economy has been deeply affected by those tragic events, and growth in the first three quarters of this year is currently expected to be negative.

The economy is even more affected by these events, when one considers that it was growing mainly through government-led stimuli in the past year.

When the significant fiscal stimulus measures ended by the end of the third quarter last year, it turned out that the economy was still very weak and that, without this support, it was unable to expand; and so growth turned negative, ending the fourth quarter at minus 1.3 per cent annualized quarterly growth.

At that time, it was expected that growth would resume in the first three months of 2011 and that, therefore, technically the decline in the previous quarter should not be considered a recession.

This certainly has changed and it seems that Japan again is facing a severe recession this year, having already started at the end of last year.

While the cost-impact of the March events has been estimated by the Japanese government at up to 25,000 trillion yen (around four per cent of GDP), this number was only an early estimate from March and has not been revised yet; and so, due to the ongoing power shortages, it might be even higher.

While this number at least gives an indication of the necessary reconstruction costs, it is not known in detail how the reconstruction and the necessary stimuli for the economy will be managed.

Due to the holiday season at the beginning of May, there is not much new data available that is capturing the status of the economy after 11 March; but the data that has been released so far shows a bleak situation with major declines.

One of the first data sets issued for April is automobile sales, which fell by 51 per cent m-o-m in April. This comes after a 37 per cent m-o-m decline in March.

Factory output already declined by 15.3 per cent m-o-m in March, the strongest drop on record, and is expected to show a further decline for April.

When comparing this with the factory output after the 1995 Kobe earthquake, this is a much more severe decline, since, at that time, production fell by only 2.7 per cent.

Furthermore, the Purchasing Managers' Index (PMI) for April has fallen further, according to Markit. The figure dropped to 36.1 in March, pointing to a severe contraction of the economy. This figure came after a February level of 51.0. Now, the most recent April level was at 35.0, marking a new low, matched only by the figure from January 2009 that stood at 30.1.

The estimate for this year's GDP development in Japan has not changed. The magnitude of the GDP impact for the three affected provinces is estimated at six per cent of GDP. In addition to that, a one per cent GDP impact has been considered, due to the interaction of the rest of the economy with the three provinces most affected by the earthquake.

Countermeasures of the government in the range of $200bn were accounted for in the

current forecast, starting in the second quarter and spread almost equally over the remainder of the year to fade slightly in the fourth quarter.

The first half of 2011 is considered to have suffered the biggest impact from recent events, while the second half should see some growth, due to catch-up effects and the expected government support. Quarterly growth is expected to turn positive in only the last quarter.

As further shutdowns of nuclear reactors have been announced over recent weeks, power supply remains significantly reduced, with repercussions for production.

The economic uncertainty remains high and more information will be available only later in the month. Given this unclear situation, but considering the scenario that the government will soon start to invest, the forecast for 2011 remains unchanged at minus 0.1 per cent.

The Euro-zone continues to be characterized by a two-tier development, a situation that has existed since the near-default of Greece in 2010.

The Euro-zone as a whole is enjoying a remarkable recovery, particularly taking into account the challenges of the sovereign debt situation of the peripheral countries. And, while concern about the sovereign debt issue went away somewhat in the first quarter of the year, it has since returned.

Portugal's ten-year bond again reached a more than ten per cent yield at the end of April, after trading only in January at around seven per cent. By the end of the second quarter of 2011, Portugal had to refinance 9.5bn euros and it remains to be seen whether it manages to do so.

Greece has just been downgraded again by Standard & Poors, the rating agency. This comes at a time when Euro-zone officials acknowledged that last year's 110bn euro package was insufficient and that the country would again need support.

As has been highlighted by some observers, the country has been on a so-called "junk-rating" now for more than a year and countries that are exposed to this classification are potentially facing default, as shown by research from the IMF.

Germany is leading the recovery still and is experiencing higher domestic demand, together with strong exports. March exports achieved a record 15.8 per cent y-o-y and, in absolute terms, reached the highest level since records began in 1950. Imports also rose significantly by 16.9 per cent y-o-y.

It should be highlighted that the trend is slowing, when compared with last year's levels, but the monthly trend is still strong and, at a growth rate of 16.9 per cent m-o-m, it was the highest increase for a year.

France also had a very successful March, when exports rose by 18.3 per cent m-o-m, or 15 per cent y-o-y. In absolute terms too, this marked a new record.

This strength of the biggest economies in the Euro-zone is the main antidote to the problems of the smaller and weaker economies.

Industrial production was also seen expanding. In Germany, production figures increased by 10.7 per cent y-o-y, running at double-digit levels for more than one year, excluding October.

The latest figure for France, while smaller, was supportive at 5.6 per cent y-o-y. The number of manufacturing orders suggests that this trend will most likely continue.

The latest figure for the Euro-area released for February was up by 21.2 per cent y-o-y, and the German figure – already available for March – was up by 14.4 per cent y-o-y. This is accompanied by again increasing levels of the PMI.

The composite PMI for April now stands at 57.8, slightly higher than the 57.5 of March, but holding up very well and pointing to continued expansion.

All this leads to the conclusion that the expansion of the first half of this year is on a sound footing, while it remains to be seen how it will develop in the second half.

Besides the sovereign debt situation, the labour market remains a concern. The unemployment rate is now at 9.9 per cent, the same as in February, and again the differences between the successful countries and the weaker ones cannot be more pronounced, with Spain reaching 20.7 per cent unemployed – a new negative record – while that of Germany stands at 6.3 per cent, the lowest level since the beginning of the 1990s.

France is also moving down, with its unemployed now standing at 9.5 per cent. Again it should be highlighted that youth unemployment is stunningly high in Spain at a new record of 44.6 per cent, compared with an already high level for the Euro-zone of 19.8 per cent.

Another challenge is inflation. In April, this was recorded at 2.8 per cent, again higher than in March, when it reached 2.7 per cent. This is still far above the level that the European Central Bank (ECB) considers to be healthy, namely around two per cent.

This was highlighted too at the most recent ECB meetings. But, at the same time it referred to the fact that the main sources of inflation are energy and food prices and that the current levels should consequently be considered as temporary. The key policy rate, therefore, was kept at 1.25 per cent, and further interest rate hikes are considered likely only later in the year.

Given the fact that the Euro-zone's low growth dynamic has gained traction recently, the growth forecast for 2011 has been raised to 1.7 per cent from 1.5 per cent. But many challenges remain, which could dampen growth expectations quickly.

Developing and emerging markets comprise about 48 per cent of global GDP, on purchasing power parity terms.

China, with 13.6 per cent of world GDP, is the largest emerging market by far, followed by India, Russia and Brazil, with 5.4 per cent, three per cent and 2.9 per cent of world GDP, respectively.

As emerging economies grow faster than OECD countries, their share of the world economy is bound to increase in the coming years. The rapid expansion of emerging economies is particularly interesting for commodity- and energy-exporting countries, as the main portion of the incremental increase in demand for commodity and oil stems from developing economy growth.

Currently, in many emerging and developing economies, GDP is growing above pre-crisis levels.

According to the IMF's world outlook report

for April 2011, output from all developing countries is about 2.5 per cent above 1997-2006 trends.

Developing Asia and Latin America stand about seven per cent and two per cent above the 1997–2006 trends, respectively.

Output in Sub-Saharan Africa and the Middle East has returned to pre-crisis trends.

In some emerging markets, however, namely Mexico, Russia and Turkey, output is still below the pre-crisis levels. In major emerging markets, unemployment rates are below pre-crisis levels.

Inflation, however, has emerged as a main concern in developing countries. Headline inflation is now around six per cent – that is 25 basis points more than the inflation rate of 5.75 per cent in January 2010.

In some major emerging markets, such as India and Brazil, inflation is running close to, or above, the authorities' targets. Strong fiscal expansion and the credit boom have been distinguishing features of the post-crisis developments in major emerging markets.

In many cases, budget deficit-to-GDP ratios have exceeded prudent levels and, in some emerging markets, credit growth has registered between 10–20 per cent per year, doubling the real per capita credit in the last five years.

For these reasons, inflation has become a major concern in major developing countries, as many of these economies operate close to their potential levels.

The main challenges facing developing and emerging countries in the current circumstances range from accelerating inflationary pressure, particularly in food and energy prices, capital inflows in emerging economies with open financial markets and an appreciation in exchange rates and high rates of unemployment in some developing countries.

The unbalanced recovery between advanced and emerging economies, on the other hand, has resulted in global demand imbalances.

Solving these problems requires a delicate combination of fiscal stance and monetary policies, to avoid overheating and accelerating inflation in major emerging markets, with interest rates and exchange rates determined close to their equilibrium levels, to address global demand imbalances.

The performance of major developing countries in the first quarter of 2011 has been better-than-expected and currently the global market recovery is being driven by continued strong economic growth in emerging markets.

There are signs of a sustainable increase in output in the OECD, too. The world economic recovery is reflected in the significant expansion of international trade.

According to the World Trade Organization (WTO), trade volumes are expected to grow by more than 6.5 per cent in 2011, after strong growth of 12.7 per cent in 2010.

Asia is expected to remain the fastest growing region in 2011. This is attributed to two factors: stronger fundamentals and the emergence of China as an independent engine of regional growth.

Although the US is still the main source of final demand for Asia as a whole, according to research by the European Central Bank, China is now a greater source of final demand for the Philippines, South Korea and Taiwan.

Latin American economies are expected to benefit from economic growth in Asia and the emerging markets in 2011, although growth will be higher in South America, compared with the rest of the Latin American economies.

There are a number of obstacles to the longer-term growth outlook in these economies. Tax systems in most countries in the region remain complicated and inefficient, with the tax revenue in some countries low.

Shortcomings in the quality of public expenditure, shallow capital and credit markets and inflexible labour markets are other major issues exerting negative impacts on economic developments in this region.

Although, historically, economic growth in most Asian economies has been export-driven, in recent years the economic recovery in many Asian countries has been driven by large fiscal stimuli, backed by soft monetary policies.

The stimulus in China was the most important in absolute size and its portion to GDP, but many other Asian governments implemented aggressive fiscal measures to support economic recovery. India, South Korea and Taiwan are clear examples.

Nevertheless, it is expected that, in 2011, stimulus packages in most countries will be withdrawn. This is mainly because of inflationary pressures that haven accelerated in recent months.

In some emerging economies, including India, China and Brazil, inflation has already surged to higher-than-expected levels, threatening medium-term economic growth.

The rapid expansion of economic activity, together with the loose monetary policies of the post-2008 economic crisis, on the one hand, and rising commodity prices on the other, is fuelling inflation in major developing countries, including the BRICs.

Inflationary pressures have led to industrial action for wage increases in some countries that, in turn, could push production costs higher, causing further inflationary expectations.

In addition to these internal factors, extraordinary levels of liquidity in the global economy have contributed to a rise in asset prices in developing countries, most notably in South-East Asia, Latin America and, to some extent, the Middle East.

Latin American economies and the emerging markets of South-East Asia have registered a resurgence of capital inflows in recent months, mainly due to the expansion of quantitative easing in the US since mid-2010.

Both portfolio and direct long-term foreign investment have been rising. This has contributed to a currency appreciation in some countries, such as Brazil. The Brazilian authorities have been particularly vocal about the impact of a surge in capital inflows on the domestic economy. Wide interest rate differentials, combined with strong growth prospects, have made Brazil attractive to speculative investment inflows.

In 2011, most emerging economies, including China, are expected to see their rate of growth become more moderate, compared with last year.

In South Asia, the Indian economy is struggling with inflation and there have been signs that fighting inflation is taking its toll on Indian economic growth.

The same applies to Brazil, where a strong real (Brazil's national currency), amid a widening foreign trade deficit and fiscal excess, are leaving the raising of interest rates as the only effective tool to curb inflation – although tightening monetary policy is bound to dampen growth in an economy that enjoys low unemployment and faces wage inflation.

Price inflation is a main source of concern in Russia, too. The Russian economy, which is still recovering from its worst recession in recent years in 2009, has had to deal with its public sector deficit, particularly when it comes to the non-oil budget deficit.

The Latin American economies emerged from the recession mostly in a promising condition. However, they now face a challenge from inflation due to growing commodity prices, together with strong capital inflows.

The region's economy is estimated to have expanded by 5.4 per cent last year, after contracting by 1.8 per cent in 2009.

Robust demand from China and rising commodity prices continue to underpin this strength. Exports to other countries have also spurred the pace of economic recovery in the region.

Despite growing exports, strong domestic demand has caused a widening current account deficit, amid rising inflationary pressure. Growth in the region is projected to average 3.8 per cent in 2011.

Strong final demand growth and the underperformance of industry have been two distinguishing characteristics of Brazil's economy over the past year; the economy seems to have continued in the same vein in the immediate past months.

In the fourth quarter of 2010, the growth rate of GDP, on a y-o-y basis, was three per cent. The strong performance of the economy in the first half of 2010 assured full-year economic growth of 7.5 per cent in 2010.

Industrial production fell in late-2010, on a relatively broad base from capital and consumer goods, as well as electronics and communications equipment.

The main factors contributing to this stalled growth in industrial production are believed to be supply bottlenecks and external competition, underpinned by the real, Brazil's national currency.

Growing domestic demand looks to have continued into 2011. This is despite the authorities adopting tighter measures, such as raising banks' reserve requirements and increasing the capital requirement on consumer loans.

Retail sales climbed by 8.3 per cent in January, compared with last year. Taking into account vehicles and building materials, the broad measure of retail sales rose by 11.2 per cent, on a y-o-y basis.

Robust domestic demand has been supported by improving labour market conditions. Credit growth also picked up in February, on a strong domestic outlook.

After rising by 10.3 per cent in 2010, China's growth is expected to remain robust at around nine per cent this year and next, with the drivers of growth shifting increasingly from public to private demand.

Government policies, allowing credit-expansion, a supportive labour market and efforts to raise household disposable income are expected to support rising private consumption.

This year, the main policy goal appears to be to strike a balance between rising incomes and combating inflation.

This year's National People's Congress (NPC) meeting, held in March, coincided with the end of the 11th five-year plan and the start of 12th (2011–15). The budgetary details released at the NPC indicated a 12.7 per cent rise in the country's military spending, to $91bn, which is believed to be an underestimate of the increase in the actual military expenditure of the country.

The new five-year plan was the most important aspect of this year's NPC meeting. Achieving inclusive economic growth to create a more "harmonious society" has been a prominent theme of the plan. In this spirit, boosting rural income and improving the social provisions are among the main social messages of the plan, which implies organizing fiscal and monetary policies for the difficult task of rebalancing the economy towards private consumption as a key policy target.

According to the plan, the government will seek to steer the economy towards growth of seven per cent a year, on average, over the next five years.

It is worth mentioning that, during the last five years, the economy has grown annually by 11.2 per cent on average, well above the 7.5 per cent target of the previous five-year plan.

Also, some of China's provinces have announced economic growth targets higher than the national figure, suggesting a higher rate of economic growth for aggregate GDP in the 12th five-year-plan, compared with the national figure.

The Chinese government realizes that the current economic growth path is not sustainable, and, therefore, finding a way for less resource-intensive growth has become crucial for the country's sustainable development.

Also, the government has outlined ambitious plans for lower energy-intensive growth. China will aim to cut energy intensity by 16 per cent in the 2011–15 period (EIU, April 2011).

A corresponding carbon intensity target of 17 per cent is viewed as being in line with China's existing goal of slashing carbon intensity by 40–45 per cent from 2005 levels by 2020. By 2020, 15 per cent of the energy mix should come from non-fossil sources.

Another important theme of the new five-year-plan is urbanization. The plan outlines a target for the rate of urbanization to rise from 47.5 per cent at present to 51.5 per cent in 2015. This implies integrating agricultural lands and boosting productivity in this sector. This will also help dealing with labour shortage in industrial sectors and will underpin the government's goal of targeting the housing sector and property construction for low-income workers.

China's budget for 2011 envisages government expenditure at around $1,500bn, against its $1,400bn revenue. This would result in a two per cent fiscal deficit in 2011. However, many observers believe that the actual budget deficit should be larger, because of the "off-budget" liabilities of local governments and state-owned enterprises.

In general, in China's 2011 budget, an attempt is made to rebalance expenditure from the infrastructure towards social spending.

Expenditure in the agricultural sector will be increased by 16 per cent in the budget. Further help for both low-income rural and urban households is to come in the form of increased social security coverage. Spending on social welfare is expected to grow by 14 per cent in 2011.

So far, government policies to prevent the economy from overheating have met with mixed success. Growth in the M2 money supply was down to 15.7 per cent in February year-on-year, below the government's full-year target of 16 per cent growth.

The HSBC's Purchasing Managers Index (PMI) slowed to 51.7 per cent in February. April's Markit manufacturing PMI was almost unchanged at 51.8. However, according to the China Federation and Logistics Purchasing, the country's PMI for its services sector rose to an 11-month high of 62.5 in April, from 50.2 in March.

It is expected that the export sector will show modest growth in the near term, as the total new orders component in April's Markit PMI recorded 52.7 per cent, compared with the first quarter average of 54.0.

The adjusted retail sales growth in volume terms slowed to 2.7 per cent (seasonally adjusted rate) in March.

Regarding the investment cycle, public investment projects are expected to grow strongly, while private real estate investment might slow, due to credit-expansion tightening.

However, public housing investment should gather more momentum in the coming months, given the policy target to construct ten million affordable housing units this year.

Overall, it is expected that the economy will grow near to its trend level in the coming months, with the full-year real GDP growth forecast at nine per cent, although the industrial production (IP) growth momentum is likely to ease during the second quarter.

Despite the mixed progress in cooling economic growth, inflation remains high. The consumer price index in March and April rose to around 4.6 per cent on an annual basis.

The main cause of inflation was seen as being higher food prices, which increased by more than ten per cent in February.

According to JPMorgan, the Markit PMI input price component eased somewhat, falling 5.1 points to 62.4 in April. Therefore, headline inflation will stay elevated in the coming months.

It is likely that the government will increase interest rates and reserve ratio requirements again in the coming months to curb accelerating inflation. However, most observers believe that inflation will begin to ease approaching the fourth quarter of the year, mainly because of the impact of monetary tightening measures taken since last year.

Growth in India is expected to be moderate, but it will remain above trend, projected at 8.1 per cent in 2011 and 7.5 per cent in 2012.

The infrastructure will remain a key contributor to growth, and corporate investment is expected to accelerate, as capacity constraints start to bind and funding conditions remain supportive. Growth in the industrial sector has decelerated, with the exception of the automotive sector.

However, given strong demand by the burgeoning middle class, policy-makers consider real growth will be close to eight per cent. There is still no sign of the economic growth rate accelerating to ten per cent, as stated by the government and the Planning Commission for the 12th five-year-plan (2013–17).

The HSBC's PMI for the manufacturing sector in March was 57.9, unchanged from February. The rate of growth in new orders was at a 31-month high, justifying the claims by policy-makers that the slowdown in industrial sector expansion would not affect GDP in the short term.

According to government estimates, India's food-grain output reached a record 236 million tonnes in the 2010 fiscal year. This is important for the Indian economy, as an increase in supply would curb inflation and reduce its trade balance.

Accelerating inflation has been a problem for the Indian economy since 2009, and, despite slowing the pace of economic expansion, inflation remains elevated and has spread to manufacturing and wages. However, the surge in manufacturing exports of the last few months continued into March.

Primary data suggests that exports grew by around 44 per cent year-on-year in March, which is remarkable. Some observers expect that Indian exports in 2011 will exceed $246bn, which will be significantly higher than market expectations.

India's combined state and federal fiscal deficit is forecast by the IMF to be lower than estimated. The combined state and federal fiscal deficit is now projected to be 8.3 per cent of GDP for the 2011 fiscal year.

The government target is to reduce the federal deficit to 4.6 per cent of GDP in the 2011 fiscal year, but this seems ambitious.

The deputy chairman of the planning commission (a leading federal government policy-making body) has been quoted as saying that this fiscal target is achievable, if oil prices remain around $100/b. Nevertheless the Consensus Forecast (April 2011) envisages a 6.5 per cent and 6.2 per cent federal budget deficit for the 2011 and 2012 fiscal years, respectively.

The Indian government introduced a bill for a nationwide goods and services tax (GST) in parliament on March 22. Its objective is to create a "common market" for goods and services by replacing various state-level taxes with a single national GST. The bill needs the approval of two-thirds of Parliament and one-half of India's 28 states to become law.

On the monetary policy front, the RBI raised interest rates by a sharper-than-expected 50 basis points to 7.25 per cent and signalled its concern over rising inflationary pressures.

The government might consider raising its policy rates further, even at the expense of economic growth, if inflation does not decelerate.

The Consensus Forecast (April 2011) envisages consumer price inflation close to eight per cent for 2011 and seven per cent for the next fiscal year.

The wholesale price index stood at nine per cent year-on-year in March, up from 8.3 per cent in February. This was higher than the RBI target of eight per cent and far from its comfort zone of 5.0–5.5 per cent.

While food prices fell by less than one per cent in March, they increased by 1.4 per cent in the manufacturing sector.

With the expectation of inflation rising, with energy prices increasing and with the PMI output price index indicating higher manufacturing prices, fighting inflation has become a major policy target in India.

The Russian economy grew by four per cent in 2010, faster than expected. The greatest contribution to GDP growth came from the recovery in equities, as these had declined sharply in 2009.

Increases in external demand also contributed to GDP growth, as exports rose by 11 per cent in 2010.

Domestic consumption and investment also recovered in 2010. Some observers believe that the Russian economy is approaching its potential, and there are reasons for believing that, in the second half of 2011, this gap will narrow further.

Among important observations are the shrinking unemployment in recent months and the growing capital utilization in the industrial sector that is approaching the level seen at the recent past peak, a level considered to be an over-heated situation.

The seasonally adjusted unemployment rate fell to 6.5 per cent in March, while the HSBC Russian Manufacturing PMI reached 55.6. Survey data compiled by Markit for the HSBC suggests that the Russian manufacturing sector has continued to build on its positive start to 2011. Output has continued to grow sharply, with new orders increasing at the strongest rate for three years.

These developments, amid the changes in the composition of inflation towards demand-pull inflation, are in line with our past months' reviews of the economy, that the curbing of inflation would need tightening monetary policies to dampen aggregate demand.

Operating close to its potential level, together with low interest rates and monetary expansion, exposes the economy to inflationary pressures, with strong implications for wage-setting, particularly in the private sector. The private sector wage growth rate exceeded 15 per cent at the end of last year. Private wage growth rates displayed a downward trend earlier this year, but, with the economy expanding close to its full employment level, wages could start to rise again.

Despite this general pattern of economic growth, some sectors remain weak. It is worth noting that much of the rise in manufacturing output comes from the recovery of the Russian car industry, which came close to a collapse in 2009.

Domestic car output increased 115 per cent on an annual basis and machinery and equipment expanded by as much as 24 per cent in February, compared with January.

Retail sales, however, grew by just 1.9 per cent on an annual basis and the construction sector contracted by 0.3 per cent in the first quarter of 2011.

Contractions in investment also seemed to contradict the significant expansion of the manufacturing sector.

According to the RosSat estimate, investment spending fell by 0.4 per cent on a yearly basis in February and by 4.7 per cent in January. Further doubts about the investment data stem from discrepancies in reported data for 2010. The national account suggests that investment grew by 3.5 per cent last year.

Capital outflow is another sign of weakening sentiment in investment spending. According to the Central Bank of Russia (RCB), the net private capital outflow reached around $11bn in the first two months of 2011, bringing the total net outflow to $44bn since September 2010. This might have originated from the political uncertainties related to the forthcoming elections.

On economic policy, the Russian government has started preparing the budget for 2012. The outline of the budget will be ready in June, following its first draft in August, and the final version will be submitted to Parliament in October.

The plan for 2012, reflected in the three-year budget planning process, calls for a deficit of 2.8 per cent of GDP, calculated on the basis of an oil price of $78/b, that may prove quite conservative and leave room for more spending as the end of the year approaches.

According to the country report by the Economist Intelligence Unit (EIU, April 2011) the federal budget deficit in 2010 was 2.6 per cent. If oil and gas revenue are excluded, then the deficit was 12.7 per cent of GDP.

Considering the published budget for 2011, rising oil and gas revenue, on the back of higher-than-expected oil and gas prices, could turn into a budget surplus of 0.7 per cent of GDP for this year, while, in the annual plan, a budget deficit equal to 3.6 per cent of GDP was envisaged. The non-oil budget for 2011 was estimated to reach 11.7 per cent of GDP.

The report stated that considering the continuation of the global economic recovery and that expectations that crude oil prices will remain at reasonable levels for as long as the global economy expands, most OPEC Member Countries are expect to see steady economic growth in 2011.

The growth rates for most of these countries are slightly higher than the readings seen in late-2010. In fact, the rates of economic growth for eight out of the 12 Member Countries are estimated to be higher in 2011 than last year.

As a whole, the economies of Member Countries are expected to grow by around four per cent in 2011, compared with 3.5 per cent in 2010, and this indicates an overall increase in their economic activity.

World oil demand

Demand for OPEC crude for 2010 remains unchanged from the previous assessment with an average of 29.5m b/d. However, within the quarters, the third quarter saw a downward adjustment of 200,000 b/d, while the remaining quarters experienced an upward revision of about 80,000 b/d.

Demand for OPEC crude is estimated to have increased by 400,000 b/d over the previous year. The first quarter showed a drop of 700,000 b/d, compared with a year ago, while the second quarter was estimated to have seen growth of 400,000 b/d. The third quarter was expected to have seen positive growth of 1.5m b/d, followed by 400,000 b/d in the fourth quarter.

This year, demand for OPEC crude is projected to average 29.9m b/d, unchanged from the previous report.

Within the quarters, the first quarter saw an upward revision of 190,000 b/d, while the third quarter was revised down by about 120,000 b/d. The second and the third quarters remained almost unchanged from the previous assessment.

Required OPEC crude is forecast to increase by 400,000 b/d over the previous year. The first quarter is estimated to have seen the bulk of the increase, by 800,000 b/d, compared with the same period last year, while the second and third quarters are forecast to see lower growth of 200,000 b/d. The fourth quarter is expected to see growth of 500,000 b/d compared with a year ago.

In its review of the market, the OPEC report said that a volatile oil market is making future estimates hard to manage.

Many variables have been affecting oil demand worldwide. The Japanese earthquake, along with economic uncertainty in the US is keeping oil demand estimates continually in an adjustment mode and is imposing a downside risk for the year's forecasts.

Japan's natural disaster caused the country's oil demand to plunge by 200,000 b/d in March, and it is forecast to worsen in April and May. Furthermore, this negative effect on Japanese demand is expected to last at least through the next two quarters.

Given the unstable status of the country's damaged nuclear power plants, Japan has not set a firm strategy on how to rebuild. Hence, this adds more ambiguity to the oil market.

Nevertheless, summer electricity demand will force the country to utilize power plants burning crude and fuel oil. To a certain degree, this will even out the loss in oil usage in other sectors.

China's economy, on the other hand, is roaring ahead of all expectations. This will, of course, not only have implications on the country's future oil demand but will also add another 200,000 b/d to its first-quarter oil demand growth.

That said, it is too early to alter the existing forecast for world oil demand as risks are nearly balanced with regard to upward and downward movements.

International oil prices are imposing a stronger reverse elasticity on oil demand. However, set against this, Chinese, Middle Eastern and Indian oil demand is having an opposite effect.

World oil demand is forecast to have grown by 2.1m b/d in 2010 and is expected to increase by 1.4m b/d in 2011.

The extreme winter appears to have affected oil demand directly and indirectly by more than anticipated. Hence, the figures for last year's fourth-quarter and this year's first-quarter oil demand have been revised up by 100,000 b/d each.

Part of this growth was related to fuel-switching in some parts of the world, as natural gas prices increased, forcing some industries to use fuel oil instead.

Germany raised the biodiesel level again to ten per cent (E10), despite protests from the public and auto-makers. The biofuel mandate in the OECD has been partly blamed for food price increases, as large amounts of raw food commodities eventually end up in vehicles' fuel-tanks.

In the US, the government is pushing an incentive to have more transport fuel with 15 per cent biofuel (E15). In addition to the negative impact on food prices, OECD biofuel subsidies have long been accused of causing environmental problems, such as deforestation and pollution.

Due to the heavy subsidies, almost 40 per cent of the corn crop is used for biofuels, rather than human consumption and this has led to massive increases in food prices.

The latest monthly US oil consumption data shows marginal yearly growth of 0.1 per cent for February, the lowest increase since January 2010.

The only product showing high consumption growth is residual fuel oil, mainly because of the cold weather, with all other product categories being in decline or stagnating.

The transportation sector has already started showing some indications that high oil prices have reduced driving mileage and, hence, transportation fuel consumption.

Interestingly, oil prices did not affect consumer purchasing behaviour towards vehicles; US sales of light vehicles continued their high growth in April – increasing by 17 per cent y-o-y – despite lower incentives and rising fuel prices.

Moreover, distillate consumption was flat in February y-o-y and the lowest since February 2010, as a result of shrinking industrial activity.

Nevertheless, preliminary weekly data for March and April show a somewhat better picture of consumption of transportation and industrial fuels. However, these figures are still preliminary and might be adjusted by monthly data later next month.

The first complete set of US oil consumption data for January–April showed a yearly increase of 2.4 per cent, which is mainly driven by industrial fuels and jet fuel/kerosene, while transportation fuels are flat.

The latest released monthly oil consumption data from the US for February 2011 significantly changed the picture of oil consumption during that month, which has been assumed on the basis of preliminary weekly data.

The high y-o-y growth (700,000 b/d) implied by the weekly data has been practically eliminated upon the release of monthly information marking the second biggest correction since the beginning of 2010.

The report emphasizes the importance of being cautious when interpreting preliminary weekly data as such information can at times be quite misleading. Given the magnitude of US oil demand, inaccurate data will give the wrong balance in the oil market, hence negatively affect prices. Such exaggeration in the oil demand assessment puts extensive pressure on producers leading to an unstable market.

Driven by a low baseline and persistently cold weather, Canadian oil demand continued its high growth rate in February, with sharp increases in fuel oil and gasoline. Canadian oil consumption grew again and is expected to continue a similar trend in March, due mainly to the low baseline and cold weather.

Industrial activity in February pushed Mexican oil consumption up by 2.4 per cent, compared with last year. However, the trend reversed and dipped into the negative in March by 31,000 b/d, a fact which was basically due

to the continually struggling Mexican economy. All petroleum product consumption is on the decline as a result.

For 2010, North American oil demand grew by 600,000 b/d. In 2011, consumption is expected to rise by only 200,000 b/d, following a minor downward adjustment in US demand.

The US auto market has already started to feel the impact of disruptions in Japan in March. There are fears of supply shortages of some types of Japanese cars, mostly small and efficient ones.

Auto sales in Canada rose by nearly seven per cent in April and consumer choices for fuel-efficient cars increased.

According to the Mexican Automobile Industry Association, Mexico's auto industry continued to grow strongly in March, with sales and exports of vehicles rising by 15 per cent and 17 per cent y-o-y, respectively.

Europe is embarking on a plan to reduce fuel consumption through higher tax laws. Europe has followed a policy of extremely high taxation for many years. If approved, this move could worsen the EU's inflation problems and would increase the burden on its citizens as well. Tax could equal three-quarters of the fuel prices.

European oil consumption grew by 100,000 b/d in March, with Germany and France the region's largest contributors. These increases were due mainly to exceptionally cold weather, and this is shown by significantly higher consumption of all heating oil product categories.

The short-term perspective for European oil consumption in 2011 clearly displays a decreasing trend. Continuing problems in several European economies – particularly Greece, Ireland and Portugal – have put strong downward pressure on oil demand in the region.

Oil demand in Europe's 'Big Four' (Germany, the UK, France and Italy) increased by 50,000 b/d y-o-y in March; however, this was less than the 70,000 b/d seen in February.

Stronger distillate consumption in March took place in all four countries, with the exception of Italy. Distillates have been the main driver of growth, while, over the same period, transportation fuels remain on the decline.

German and French oil consumption in March was up by two per cent and one per cent, respectively, while oil consumption in Italy was down by 0.2 per cent.

OECD Europe oil consumption is expected to be flat in 2011. However, there is a substantial downward risk in the second half of the year. The instability in the European economy and higher oil prices are likely to be major factors in the oil consumption trend for the remainder of the year.

According to the latest information from the European Automobile Manufacturers' Association, European demand for new passenger cars in March decreased by five per cent, compared with March 2010, with a diverging picture for the main markets.

France and Germany posted solid growth of six per cent and 11 per cent, respectively, while the others declined substantially. The UK experienced a contraction of minus eight per cent, Italy by minus 28 per cent and Spain by minus 29 per cent.

During the first three months of the year, these three countries remained in the negative, with UK auto sales dipping by minus nine per cent, Italian by minus 23 per cent and Spanish by minus 27 per cent.

The European region closed the first quarter with a loss of 2.3 per cent in total units y-o-y. The steepest fall was noted in Greece, at minus 57 per cent, and the largest growth in Latvia, at plus 132 per cent.

The Latvian market remained, however, the smallest (1,902 units), while Germany registered the most vehicles (763,403) over the first quarter.

Japan's disaster has ruptured the power supply system, with the country trying to replenish the power deficit through the burning of other types of energy, such as natural gas, coal, crude and fuel oil. Crude-burning and fuel oil have long been used as a backup in such emergencies.

The 2007 nuclear power plant shutdown saw crude-burning and fuel oil used as substitute fuels. It is anticipated that the country's oil demand will inch up, due to the extra usage of crude and fuel oil during the summer season. Although the picture for the Japanese situation is still unclear, initial estimates indicate a y-o-y contraction of 2.2 per cent in the country's oil demand.

The impact of the catastrophic earthquake has already started to show in the latest monthly data for March, which points at deeply decreasing y-o-y oil consumption.

All product categories, with the exception of direct crude-burning, have been negatively affected, but particularly fuels used in the aviation, transportation and industrial sectors.

As mentioned, the further development of Japanese oil consumption in 2011 is heavily dependent upon the speed of resolving the ongoing nuclear crisis at the Fukushima plant, which represents a major threat to the Japanese economy and the country's role as a key production centre.

The latest April data shows a huge second consecutive drop in Japanese auto sales, at 51 per cent, as a result of the country's natural disaster. This was the biggest plunge since the start of data-gathering in 1968.

In South Korea, February marked increases in the consumption of all products, with the exception of liquefied petroleum gas and fuel oil, as both have been affected by fuel-switching in power plants.

Transportation fuel increased sharply, as the government reduced taxes on such products. The country's total oil demand inched up by 2.1 per cent, or 49,000 b/d, y-o-y in February to average 2.4m b/d.

OECD Pacific oil demand showed minor growth of 100,000 b/d in 2010. During 2011, however, the region's oil consumption is expected to fall by 50,000 b/d, although projections are heavily dependent upon the speed of recovery in Japan.

Thailand has reduced taxes on energy in order to reduce retail domestic prices. This move has kept the price per litre for diesel at around $1. Thailand consumed 911,000 b/d of oil in February, of which 37 per cent was diesel. Diesel consumption in Thailand is attributed mostly to transportation; however, industrial and agricultural sectors contribute to this consumption as well.

Total oil consumption increased in February

by 0.7 per cent y-o-y. The growth is related to LPG and jet fuel consumption. As for the entire year, Thailand's oil demand is expected to grow moderately by 2.1 per cent, averaging 950,000 b/d.

Indian oil demand has kept up its momentum since the start of the year. March data indicated 4.9 per cent growth in the country's total oil consumption. This led to total growth of 3.9 per cent in the first quarter y-o-y.

The first quarter's diesel usage totalled 1.3m b/d, an increase of 76,000 b/d y-o-y. LPG and gasoline consumption were up by 40,000 and 28,000 b/d, respectively, for the same period.

Given expected GDP growth, Indian oil demand for 2011 is forecast to increase by 3.5 per cent this year, adding another 115,000 b/d to the country's total oil demand.

Indian auto sales were up by 13 per cent in March from a year ago, according to the latest data released by the Society of Indian Automobile Manufacturers. One important reason for this weakening growth was the increase in interest rates, which implied reduced liquidity.

Taiwan's economic growth in 2011 is forecast to be half that of last year, reaching 4.2 per cent and reducing the country's forecast oil demand growth by a third.

Taiwan's oil demand growth last year was 36,000 b/d and this year it is estimated to be 21,000 b/d. However, other factors, such as taxes and high retail prices, might have a reflex effect on total demand.

First-quarter oil demand did not achieve what was expected and if this behaviour lasts for the second quarter then the possibility of further oil demand growth will be questionable.

Given the recent strength in India's oil demand, 'Other Asia' oil demand growth is forecast at 200,000 b/d in 2011, averaging 10.3m b/d.

Springtime is a time of low seasonality in the Middle East for oil demand. Electricity demand plunges as a result of a cool climate, leading to a huge reduction in demand for both fuel oil and crude-burning.

Saudi Arabian fuel oil demand in March contracted by 16.4 per cent y-o-y, averaging 200,000 b/d.

Furthermore, demand for direct crude-burning also declined by 13.3 per cent in March y-o-y. Despite the massive growth in gasoline usage, total Saudi Arabian oil demand inched up slightly in March by 14,000 b/d to average 1.67m b/d.

Saudi Arabian demand is anticipated to maintain its forecast annual growth rate as the summer heat begins. As for the first quarter, demand grew by 6.5 per cent y-o-y.

Despite the slight decline in Iran's oil demand, Middle East oil demand is expected to grow by 2.7 per cent this year. Middle East demand growth is forecast at 200,000 b/d to average 7.5m b/d.

The Chinese economy continues to outpace expectations. This will, of course, have implications for the country's oil demand. Early data for March indicated massive y-o-y growth in the country's oil demand, reaching 10.2 per cent or 900,000 b/d.

However, 26 per cent of that growth is attributed to oil drawn from commercial stocks. China has the tendency to use its commercial stocks for demand.

During the first two months of the year, commercial stocks increased by 740,000 b/d and 620,000 b/d, respectively.

The unexpected increase in China's oil demand in March indicated an upward revision of 200,000 b/d to the country's oil demand in the first quarter.

As expected, diesel demand saw the highest growth in March, adding another 300,000 b/d. It is anticipated that the country might have an electricity shortage this summer and, therefore, extra independent diesel generators would be used as a result. Operating independent electricity generators would of course hike demand for diesel, as was seen last year and back in 2006.

Although the country is allowing domestic petroleum product prices to follow international prices, China's oil demand is forecast to repeat last year's trend and achieve high annual growth.

Due to strong economic growth, China's energy demand is expected to increase by 560,000 b/d in 2011 to average 9.5m b/d.

Data from the China Association of Automobile Manufacturers shows that automakers in China delivered 1,828,500 new vehicles in March, 44 per cent more than in February and five per cent more than in March 2010.

This was the smallest y-o-y growth rate in the last two years, as government incentives for buying cars with small engines ended.

World oil supply

Preliminary figures indicate that global oil supply experienced an increase of 270,000 b/d in April, compared with the previous month.

This was due to a 200,000 b/d increase in non-OPEC supply, as well as a 70,000 b/d rise in OPEC production.

The share of OPEC crude oil in global production remained steady at 33.2 per cent in April. The estimate is based on preliminary data from non-OPEC supply, OPEC NGLs and OPEC production. Estimates for OPEC NGLs and OPEC production are derived from secondary sources.

Meanwhile, non-OPEC supply is estimated to have averaged 52.26m b/d in 2010, representing growth of 1.12m b/d and the largest since 2002. This figure has remained broadly unchanged since the last report, despite some revisions.

This occurred despite the major incident in the Gulf of Mexico. North American oil supply in 2010 shows the highest growth among all non-OPEC regions, with growth from the US and Canada offsetting the drop in Mexican oil output.

Former Soviet Union (FSU) supply is estimated to have had the second-largest growth among non-OPEC regions in 2010, supported, in particular, by figures for Russia and Kazakhstan.

Estimated growth in Latin American oil production was next, driven mainly by Brazil and Colombia. OECD North-West Europe remained the region with the biggest supply decline in 2010, on the back of the natural decline in Norway.

On a quarterly basis, non-OPEC supply in 2010 is estimated at 52.12m b/d, 52.11m b/d, 51.93m b/d and 52.87m b/d, respectively.

In 2011, non-OPEC supply is forecast to increase by 650,000 b/d to average 52.91m b/d, representing an upward revision of 65,000 b/d, compared with the previous report.

The overall supply forecast remained relatively stable, with Developing Countries expected to have the highest growth, followed by North America and the FSU, while OECD Western Europe supply is projected to decline.

On a quarterly basis, non-OPEC supply this year is seen to average 52.87m b/d, 52.69m b/d, 52.71m b/d and 53.35m b/d, respectively.

Total OECD oil supply is expected to average 19.94m b/d in 2011, flat with the previous year and unchanged from the last report.

Despite this steady state, the supply profiles for all major OECD producers experienced revisions that offset each other. Among OECD regions, North America is expected to have the biggest growth in 2011, while OECD Pacific is seen as remaining relatively steady and OECD Western Europe projected to continue to decline.

Compared with the previous assessment, supply forecasts from Canada and Mexico experienced upward revisions, while the supply forecasts for the US, Norway, the UK, Denmark, and Other Western Europe underwent downward revisions.

On a quarterly basis, OECD oil supply this year is forecast to average 20.16m b/d, 19.85m b/d, 19.72m b/d and 20.04m b/d, respectively.

Total OECD supply stood at 20.16m b/d in the first quarter of 2011, according to preliminary data, which indicated a decline of around 140,000 b/d, compared with the fourth quarter of 2010, yet it represents growth of 120,000 b/d, compared with the first quarter of 2010.

North America's oil supply is projected to increase by 240,000 b/d in 2011 to average 15.20m b/d, representing an upward revision of 40,000 b/d.

Canada's oil supply is seen as leading the growth in 2011, followed by that of the US, while Mexico's oil supply is expected to decline slightly.

North America's anticipated supply growth in 2011 is the second-highest regional growth among all the non-OPEC regions.

On a quarterly basis, North America's oil supply in 2011 is expected to stand at 15.30m b/d, 15.15m b/d, 15.08m b/d and 15.27m b/d, respectively.

US oil supply is seen increasing by 120,000 b/d to average 8.72m b/d in 2011, constituting a minor downward revision from the previous assessment. The expected growth in 2011 is supported mainly from non-conventional oil production, as the slowdown in drilling activity in the Gulf of Mexico is seen to affect production.

Additionally, the natural declines in Alaska and the Gulf of Mexico are expected to reduce output, when coupled with limited drilling activity.

On a quarterly basis, US oil supply this year is seen to average 8.75m b/d 8.72m b/d, 8.67m b/d and 8.74m b/d, respectively.

According to preliminary data, US oil supply is estimated to have grown by 310,000 b/d in the first quarter of this year, compared with the same period in 2010.

Canada's oil supply in 2011 is forecast to increase by 150,000 b/d, the second-largest among all non-OPEC countries, to average 3.55m b/d, indicating an upward revision of 40,000 b/d from the previous month.

On a quarterly basis, Canada's oil supply in 2011 is anticipated to average 3.57m b/d, 3.49m b/d, 3.51m b/d and 3.60m b/d, respectively.

Mexico's oil supply is seen to average 2.93m b/d in 2011, a decline of 30,000 b/d over 2010, indicating a minor upward revision of 5,000 b/d, compared with last month's assessment.

On a quarterly basis, Mexico's oil supply this year is seen to average 2.97m b/d, 2.94m b/d, 2.90m b/d and 2.92m b/d, respectively.

Preliminary data shows that Mexico's oil supply declined by 20,000 b/d in the first quarter, compared with the same period in 2011.

OECD Western Europe's total oil supply is forecast to decline by 220,000 b/d to average 4.17m b/d in 2011, a downward revision of 40,000 b/d, compared with the previous month.

On a quarterly basis, OECD Western Europe oil supply this year is seen to average 4.34m b/d, 4.11m b/d, 4.04m b/d and 4.19m b/d, respectively.

Preliminary first-quarter estimates indicate that supply declined by 370,000 b/d, compared with the same period in 2010.

Norway's oil supply is estimated to decline by 130,000 b/d to average 2.01m b/d in 2011, indicating a downward revision of 10,000 b/d, compared with the previous report.

On a quarterly basis, Norway's oil supply this year is seen to average 2.13m b/d, 1.95m b/d, 1.93m b/d and 2.03m b/d, respectively.

First-quarter supply in Norway is estimated to have declined by 190,000 b/d, compared with the same period of 2010.

The UK's oil supply is slated to decline by 60,000 b/d to average 1.31m b/d in 2011, a downward revision of 10,000 b/d, compared with the previous month.

On a quarterly basis, the UK's oil supply this year is estimated at 1.35m b/d, 1.30m b/d, 1.28m b/d and 1.31m b/d, respectively.

First-quarter preliminary supply data for the UK indicates a y-o-y decline of 170,000 b/d.

Denmark and Other Western Europe oil supply encountered downward revisions of 10,000 b/d and 15,000 b/d, respectively, compared with the previous report.

OECD Asia Pacific oil supply is forecast to decline by 20,000 b/d to average 580,000 b/d in 2011, flat from the previous month.

On a quarterly basis, the region's oil supply is expected to average 530,000 b/d, 600,000 b/d, 600,000 b/d and 580,000 b/d, respectively.

Australian oil supply is projected to average 490,000 b/d in 2011, a decrease of 10,000 b/d over the previous year and unchanged from the last report.

On a quarterly basis, Australian oil supply this year is expected to average 430,000 b/d, 500,000 b/d, 510,000 b/d and 500,000 b/d, respectively.

During the first quarter, preliminary data indicated that Australian oil supply declined by 90,000 b/d, compared with the same period of 2011.

Developing Countries' total oil supply is anticipated to average 13.12m b/d in 2011, representing growth of 380,000 b/d over last year and an upward revision of 30,000 b/d from the previous report.

Other Asia and the Middle East supported the upward revision, while Latin America and Africa remained steady.

Latin America remains the region with the highest expected growth in 2011, supported by Brazil and Colombia.

During the first quarter, preliminary data indicated that Developing Countries' oil supply increased by 220,000 b/d, compared with the same period of 2010.

On a quarterly basis, Developing Countries' total oil supply this year is forecast at 12.90m b/d, 13.01m b/d, 13.19m b/d and 13.38m b/d, respectively.

Oil supply from Other Asia is seen to average 3.70m b/d in 2011, flat from the previous year and constituting an upward revision of 10,000 b/d, compared with the previous report.

India's oil supply experienced an upward revision of 15,000 b/d, compared with the previous month. It is expected to increase by 60,000 b/d in 2011 to average 910,000 b/d.

On a quarterly basis, Other Asia oil supply this year is expected to stand at 3.68m b/d, 3.67m b/d, 3.71m b/d and 3.73m b/d, respectively.

Indonesia's oil supply is forecast to decline by 40,000 b/d in 2011 to average 990,000 b/d, indicating an upward revision of 5,000 b/d, compared with the previous month.

Malaysia's oil supply is expected to average 670,000 b/d in 2011, a decline of 40,000 b/d from the previous year.

Latin America's oil supply is projected to average 4.95m b/d in 2011, which constitutes significant growth of 290,000 b/d over 2010 and is unchanged from the previous month. This represents the highest regional growth among all non-OPEC regions.

Argentina's oil supply is expected to average 740,000 b/d in 2011, a decline of 10,000 b/d from the previous year and flat from the previous report.

Colombia's oil supply is anticipated to increase by 110,000 b/d in 2011 to average 910,000 b/d, indicating an upward revision of 10,000 b/d, compared with the previous month.

On a quarterly basis, Latin America's oil supply this year is expected to stand at 4.80m b/d, 4.92m b/d, 4.98m b/d and 5.11m b/d, respectively.

Preliminary data indicates that Latin America's oil supply increased by 200,000 b/d in the first quarter of 2011, compared with the same period of 2010.

Brazil's oil supply is expected to increase by 190,000 b/d in 2011 to average 2.85m b/d, indicating a downward revision of less than 10,000 b/d, compared with the previous report.

On a quarterly basis, Brazil's oil supply this year is predicted to stand at 2.72m b/d, 2.84m b/d, 2.87m b/d and 2.96m b/d, respectively.

Preliminary data indicates that Brazil's oil supply increased by 110,000 b/d in the first quarter of 2011, compared with a year earlier.

Middle East oil supply is seen to remain steady from 2010, with a minor increase of 10,000 b/d to average 1.79m b/d in 2011, relatively flat from the previous assessment.

On a quarterly basis, Middle East oil supply this year is expected to average 1.78m b/d, 1.78m b/d, 1.80m b/d and 1.80m b/d, respectively.

Africa's oil supply is slated to increase by 80,000 b/d to average 2.68m b/d in 2011, flat compared with the previous month.

Despite the steady state, minor upward and downward revisions offset each other. Sudan's oil supply forecast has been revised down, mainly due to historical revisions. On the other hand, production at the Jubilee oil field in Ghana was reported to have reached around 80,000 b/d in April, and is expected to reach 120,000 b/d in the third quarter. Accordingly, an upward revision was introduced to reflect the strong ramp-up.

On a quarterly basis, Africa's oil supply this year is seen to average 2.64m b/d, 2.65m b/d, 2.70m b/d and 2.74m b/d, respectively.

The FSU's total oil supply is projected to increase by 180,000 b/d to 13.40m b/d in 2011, displaying an upward revision of 40,000 b/d, compared with the previous report.

The FSU remains one of the main growth areas for non-OPEC supply in 2011. In the first quarter of 2011, preliminary data indicate that FSU oil supply increased by 220,000 b/d, compared with the same period of 2010.

On a quarterly basis, total oil supply in the FSU this year is expected to stand at 13.38m b/d, 13.40m b/d, 13.36m b/d and 13.45m b/d, respectively.

Other Europe oil supply is seen to remain steady and average 140,000 b/d in 2011, unchanged from the previous assessment.

Total Russian oil supply is predicted to rise by 50,000 b/d to average 10.19m b/d in 2011, constituting a minor downward revision of less than 10,000 b/d, compared with the previous month.

On a quarterly basis, Russian oil supply this year is seen to average 10.21m b/d, 10.20m b/d, 10.16m b/d and 10.18m b/d, respectively.

In April, Russian oil supply averaged 10.25m b/d, an increase of around 50,000 b/d, compared with the previous month, and growth of 170,000 b/d, compared with the same period of 2010, according to preliminary data.

Kazakhstan's oil supply is anticipated to average 1.67m b/d in 2011, an increase of 70,000 b/d over 2010, showing an upward revision of 15,000 b/d, compared with the previous report.

On a quarterly basis, Kazakhstan's oil supply is expected to stand at 1.66m b/d, 1.65m b/d, 1.65m b/d and 1.71m b/d, respectively.

During the first quarter of 2011, the country's oil supply increased by 60,000 b/d, compared with the same period in 2010, according to the preliminary data.

Azeri oil supply is forecast to average 1.11m b/d in 2011, an increase of 40,000 b/d over 2010 and an upward revision of 25,000 b/d from the previous month.

On a quarterly basis, Azeri oil supply this year is estimated to average 1.07m b/d, 1.12m b/d, 1.12m b/d, and 1.14m b/d, respectively.

Oil supply from China is slated to increase by 90,000 b/d to average 4.23m b/d in 2011, unchanged from the previous report.

On a quarterly basis, China's oil supply this year is forecast to average 4.22m b/d, 4.21m b/d, 4.22m b/d and 4.25m b/d, respectively.

During the first quarter of 2011, preliminary data indicates that China's oil supply increased by 200,000 b/d, compared with the same period of 2010.

OPEC oil production

Total OPEC crude oil production averaged 28.99m b/d in April, according to secondary sources, indicating an increase of 70,000 b/d from the previous month.

Libya and Angola crude oil production experienced declines of more than 100,000 b/d in April, compared with the previous month, while Saudi Arabia, Nigeria, the UAE, Iraq and Kuwait output increased.

OPEC crude oil production, excluding Iraq, stood at 26.33m b/d in April, up by 45,000 b/d from the previous month.

OPEC output of NGLs and non-conventional oils are estimated to have averaged 4.90m b/d in 2010, representing growth of 550,000 b/d over the previous year.

In 2011, OPEC production of NGLs and non-conventional oils is expected to increase by 400,000 b/d over the previous year to average 5.31m b/d.

Downstream activity

Looking downstream, the OPEC report said that oil product markets were impacted in March by the tragic events in Japan, which negatively affected top of the barrel components.

However, the situation was reversed in April and light distillate demand resulted in a more positive sentiment in the product markets during the month.

Gasoline consumption improved ahead of the summer driving season, generating an early bullish sentiment as stocks dropped sharply in the US in April.

This was fuelled by several factors, such as stronger demand, despite higher prices at the pump, temporary shortfalls in high-octane compounds, due to operational problems at several refinery units, lower import availability from Europe, due to reduced refinery runs and the transition from winter to summer grades, as well as higher requirements for gasoline compounds, due to the shortage of ethanol in Brazil.

US refining industry performance remained healthy in April on the back of strong gains at the top of the barrel – gasoline and naphtha – while middle distillate cracks maintained the healthy levels of the previous month.

The margin for WTI crude on the US Gulf Coast showed a sharp increase of $5/b to stand at over $22/b. However, such high margins have been artificially inflated by the relatively low benchmark WTI price, which has disconnected from other benchmark grades.

During the last part of April, Cushing stocks dropped and WTI showed a strong gain in spot prices (more than $4/b), leading to a correction in the high crack levels.

The margin for Arab Heavy crude on the US Gulf Coast was around $9/b, an increase of almost $4/b over the previous month.

In Europe, there was a sustained improvement at the top of the barrel, where gasoline continued to be supported by export opportunities in a tighter environment, due to lower refinery runs and falling stocks in the US. However, this was sufficient to offset the weakness in middle distillate demand and the strength of Brent, which caused the margin in Rotterdam to drop slightly, by 40¢/b.

Refining margins for Dubai crude oil in Singapore continued at around the level seen the previous month, on the back of a strong middle distillate crack spread. This, along with the uptick in light distillates, was sufficient to offset the loss in fuel oil, allowing refinery margins to show a slight rise of 20¢/b.

American refiners continued to run at moderate levels in April, as they returned from the turnaround season, amid healthy refining margins and operational problems in some refineries. Refinery runs decreased slightly to average 82.8 per cent in April from 83.4 per cent a month earlier.

Gasoline demand increased in the US. This, along with the return from maintenance of some cracking units, as well as operational limitations elsewhere, caused gasoline inventories to continue to drop further and boost the bullish sentiment, despite higher retail prices. The bullish gasoline market situation, along with strong diesel demand, helped refining margins firm in the US.

European refiners continued at moderated throughputs of around 78 per cent, driven by low refinery margins and the maintenance season. In addition, small refineries, with not enough installed hydro-treating/conversion capacity, started to be affected by the shortage of sweet Libyan crude.

Asian refiners increased runs in April to satisfy the growing demand in the region. After the natural disaster in Japan had damaged some refineries, most of them were back on line in April and Japan saw a recovery in refinery throughputs, with run-rates standing at over 82 per cent.

Looking ahead, further improving demand ahead of the driving season and the reduction in product inventories could maintain the bullish sentiment; however, the higher-priced crudes and the spare capacity were expected to continue exerting pressure on refinery margins.

US gasoline demand rose to 9.13m b/d in April, according to the EIA, a gain of 160,000 b/d over the previous month and 27,000 b/d above the same month last year.

The gasoline market strengthened ahead of the driving season. This was on the back of the tight situation on the Gulf and Atlantic coasts caused by operational problems in several high-octane manufacturing (catalytic cracking and alkylation) units and limited imports, due to the transition from winter to summer-grade gasoline.

The US gasoline market received further support from increased export opportunities to Latin America, mainly Mexico and Brazil, where additional imports were required to compensate for reduced ethanol availability, due to the lower sugar cane harvest.

Middle distillate demand remained strong in the US at 3.88m b/d in April, a gain of 40,000 b/d over the previous month and 170,000 b/d above the y-o-y average.

Although declining, middle distillate stocks remained above the typical historical average.

Fuel oil demand dropped on the Atlantic Coast. However, there were export opportunities to Latin America, including Mexico and Colombia. Additionally, limited arbitrage opportunities exerted pressure on the market at the end of the month.

Product market sentiment in Europe

continued to be mixed, as light distillates remained strong, while middle distillates and fuel oil lost some of their momentum.

The European gasoline market continued the recovery which began at the end of March and even saw an uptick in April. This was on the back of tighter supply, due to lower European refinery runs amid a draw on US gasoline stocks, which made the arbitrage workable. A decline in ARA gasoline stocks in mid-April also provided support.

The European naphtha market stayed strong, on the back of concern about tightening supply, due to the lower refinery runs in the region, amid reduced inflows from the Mideast Gulf and the outage in Libyan crude. Additional support for naphtha came from the demand side from export requirements to Brazil, as a blend compound in the gasoline pool, as well as to Egypt, which furthered the bullish sentiment.

Middle distillates weakened in an environment of ample supply amid higher prices, as well as lower seasonal demand in the region, which worsened as the political situation in Syria affected one of the major importers.

The European fuel oil market lost part of the ground gained in March. Support from expectations of rising demand in Japan to compensate for the loss of nuclear capacity for power generation almost disappeared completely, as most of the damaged refineries came back on line.

High-sulphur fuel oil used as bunker fuel saw limited export opportunities to Asia.

The Asian naphtha market reversed the negative trend which started in February and the crack turned positive at the end of April, supported by the petrochemical sector, as some naphtha crackers returned from turnarounds.

The bullish sentiment was further supported by lower arbitrage inflows from Europe and the Middle East, as well as by news that Japan's Mitsubishi would restart two naphtha crackers in the coming weeks.

The gasoline market received support from a tight environment, due to fewer exports from China, following a rise in retail prices, as well as higher prompt requirements for Indonesia resulting from a shutdown of the 350,000 b/d Cilacap refinery.

The middle distillate market remained supported by tighter supply amid stronger regional demand, mainly from China, India and Indonesia. Demand from Vietnam also increased, due to higher requirements after the shutdown of Dung Quat refinery.

The Asian fuel oil market has continued to lose ground since the end of February, due to higher inflows from the West – more than 3.5m t in April – attracted by higher prices, amid lower-than-expected demand from Japan for power generation.

Another factor fuelling the bearish sentiment has been the reduction in fuel oil imports by Chinese refineries, due to weaker margins.

Oil trade

US crude oil imports fell by 150,000 b/d, or 1.7 per cent, in April to average 8.7m b/d, according to the compilation of DOE weekly data.

Compared with the same period last year, US crude oil imports were over 840,000 b/d below the 2010 average.

The decline in imports in April at a time when inventories continued to increase and refinery throughput remained below seasonal levels reflects the slowdown in US oil demand.

For the period January–April, US crude oil imports stood at 8.7m b/d, down by 370,000 b/d, or 4.1 per cent, from a year earlier.

In contrast, oil product imports reversed the downward trend and jumped by 350,000 b/d, or 14.7 per cent, to average more than 2.75m b/d in April, almost the same level as a year ago.

The 2.75m b/d total was the second-highest level so far this year after the 2.9m b/d recorded in January.

Thus, strong imports in January and April caused US oil product imports to average 2.64m b/d over the period January-April, up by 56,000 b/d, or 2.2 per cent, from a year earlier. The rise in product imports compensated for the decline in the production of petroleum products from refineries. Gasoline was the main contributor to imports with growth of 182,000 b/d, or 22 per cent, over March to average almost 1m b/d, the highest level since the 1.16m b/d of last August.

The increase in gasoline imports in April was in line with the traditional trend of seeing imports rising during this period and ahead of the driving season.

Jet fuel/kerosene was the second-largest contributor with 34,000 b/d, but corresponds to a jump of 77 per cent over the previous month.

In contrast, distillates, the second major imported product, saw imports falling by 23,000 b/d, or 3.8 per cent, to 590,000 b/d, which implies a decline of 85,000 b/d, or 12.5 per cent, from April 2010.

All in all, total US oil imports rose from 11.25m b/d in March to 11.45m b/d in April, implying growth of 200,000 b/d, or 1.8 per cent, but they were down by 1.0m b/d, or 8.4 per cent, from a year earlier.

Imports were also down by 300,000 b/d, or 2.7 per cent, in 2011 considering the period of January-April. This reflects the recent slowdown in oil demand.

Crude oil exports remained stable at 34,000 b/d, while oil products fell for the third month in a row to average 2.22m b/d, down 56,000 b/d, or 2.5 per cent, from March and lower by 150,000 b/d, or 5.7 per cent, than in April 2010.

Nevertheless, considering the period covering the four months of the year, US product exports were at 2.1m b/d in 2011, up by 360,000 b/d, or 17.3 per cent, from the same period the previous year. Again, this reflects the weakness in US demand.

All types of oil products saw imports drop in April, except distillates and gasoline, which remained almost unchanged at around 1.13m b/d and 270,000 b/d, respectively.

Jet fuel/kerosene and propane/propylene imports averaged 81,000 b/d and 94,000 b/d, respectively, falling by eight per cent.

Consequently, US net oil imports rose by a further 250,000 b/d, or 2.9 per cent, in April to average 9.20m b/d, the second-highest level so far this year after January's 9.26m b/d, but remained 920,000 b/d lower than a year ago.

Similarly, considering the period January-April, US net oil imports showed negative y-o-y growth of 670,000 b/d, or seven per cent, this year.

The US imported 4.21m b/d of crude oil from OPEC in February. That was 140,000 b/d higher than a year ago and corresponds to a share of 50.9 per cent in total US crude oil imports, compared with 40.6 per cent in February 2010.

Canada remained the main source of crude imports for the US with 2.19m b/d, or 27.4 per cent, followed by Saudi Arabia with 1.11m b/d (13.9 per cent), and Mexico with almost 1m b/d (12.5 per cent).

The imports from Saudi Arabia recovered in the first two months of 2011 to average 1.1m b/d, compared with 920,000 b/d a year ago. Similarly, imports from Canada moved from an average of 1.89m b/d to 2.17m b/d in January-February 2011.

On the products side, US imports from OPEC Member Countries averaged 430,000 b/d, or 17.2 per cent of total US petroleum product imports. A year ago, the share was 15 per cent.

Again Canada kept its position as the main supplier of US product imports with 640,000 b/d, higher than the total imports from OPEC Member Countries. Canada's share stood at 25.6 per cent, 8.5 per cent more than OPEC's share.

Among OPEC Member Countries, Algeria remained the top supplier with 260,000 b/d, or 10.3 per cent, followed by Venezuela with 110,000 b/d, or 4.5 per cent.

Japan's crude oil imports dropped for the third month in a row in March to average 3.8m b/d, down by 100,000 b/d, or 2.6 per cent, from the previous month.

At 3.8m b/d, Japan's crude oil imports were 250,000 b/d, or 6.3 per cent, lower than a year earlier. The decline in imports came as a result of a strong fall in demand as some refineries along with port infrastructures were devastated by the tsunami-earthquake of March 11.

Thus, Japan imported 2.6m b/d on average during the first quarter of 2011, compared with almost 4.0m b/d a year ago. That implies a decline of more than 1.3m b/d, or one-third.

Compared with imports of around 4m b/d seen in the period 2005-08 – before the recession – imports are much lower in 2011, reflecting the slowdown in demand.

Product imports also declined in March, but at a faster pace to average 520,000 b/d, down by 160,000 b/d, or 23.5 per cent. That was the lowest level since the 490,000 b/d of September 2010.

In the first quarter of this year, product imports stood at 420,000 b/d, 25 per cent lower than a year earlier.

Again the strong decline in product imports was exacerbated by the devastation of the country by the earthquake which resulted in a steep decline in petroleum product sales. All products declined to their lowest levels so far this year.

The main products fell at least by 20 per cent. Gasoil imports took the lead and fell by 65,000 b/d, or 31 per cent, to average 145,000 b/d, followed by fuel oil, which lost 32,000 b/d, or 22 per cent, to stand at a low level of 112,000 b/d.

Jet fuel and gasoline imports declined to average 105,000 b/d and 38,000 b/d, respectively.

Including LPG, product imports would be at 900,000 b/d in March, down by 13 per cent from a year earlier. It resulted in total oil imports – including crude oil – of 4.7m b/d, down by 250,000 b/d, or five per cent, from the previous month and almost 200,000 b/d lower than a year ago.

Exports also declined because of lower production from refineries and devastated exporting infrastructures.

Petroleum product exports, including LPG, plummeted to 420,000 b/d, down by 150,000 b/d, or 26 per cent, from the previous month and 100,000 b/d, or 19 per cent, from a year earlier.

All in all, Japan's total net oil imports fell by almost 100,000 b/d, or 2.2 per cent, in March to 4.34m b/d, the lowest level since the 3.98m b/d recorded in October 2010.

However, if we consider the period of the first quarter, net oil imports averaged 2.97m b/d so far this year, compared with more than 4.42m b/d in the first quarter of 2010.

Saudi Arabia remained the largest supplier of crude oil to Japan with 1.2m b/d in March, corresponding to a share of 31.8 per cent of total crude oil imports, compared with 29.2 per cent a year ago.

It was followed by the UAE, which accounted for 900,000 b/d, or 24 per cent, and Iran with 430,000 b/d, or 11.3 per cent. The UAE's share stood below 20 per cent a month ago.

On the product side, Saudi Arabia remained the main supplier with 250,000 b/d, or 25.3 per cent, followed by the FSU with 220,000 b/d, or 21.9 per cent. Contrary to the previous month, this time Qatar came in the third position with 180,000 b/d, or 18.2 per cent, surpassing the UAE, which saw its exports to Japan fall from 180,000 b/d in February to just 80,000 b/d. Iran also saw its share falling from 11 per cent to seven per cent.

China's crude oil imports fell for the first time since last December to average 5.1m b/d in March. That left crude oil imports down by almost 100,000 b/d, or 1.9 per cent, from February's level, the third-highest on record.

The drop in imports was due to lower planned demand as some refiners started their seasonal maintenance. However, compared with a year ago, crude oil imports were stronger in 2011 with y-o-y growth of 144,000 b/d, or 2.9 per cent, this year. The growth was even higher when we consider the period of the first quarter.

China imported around 5.2m b/d in the first there months of 2011, compared with 4.6m b/d a year ago, implying an increase of more than 500,000 b/d, or 12 per cent. The rise in crude oil imports came as a result of sustained demand which remained the main driver of global oil demand growth.

Nevertheless, it cannot be excluded that some of the imports continued to feed government strategic inventories.

Contrary to crude, oil products saw imports rising by a modest 30,000 b/d to stand slightly below 1.2m b/d in March, but remained below the 1.3m b/d of last January.

Fuel oil, the largest imported product, was the main contributor to the increase with 40,000 b/d on the back of stronger demand in Shandong province, the hub for local refineries.

Naphtha and jet fuel imports increased by 21,000 b/d and 13,000 b/d, respectively.

However, when compared with the level of March 2010, Chinese product imports witnessed a much higher growth of almost 23 per cent in 2011 compared with just 2.9 per cent for

crude oil. The growth was even stronger when one considers daily imports of the first quarter.

Product imports in the first quarter were up by 300,000 b/d, or 36 per cent, in 2011 at 1.2m b/d.

As the modest rise of 30,000 b/d in products could not compensate for the decline of 100,000 b/d in crude oil, China's total oil imports fell by almost 70,000 b/d in March to 6.32m b/d, but remained 367,000 b/d above the level of March 2010.

Again, China's oil imports were 16 per cent higher in the first quarter of 2011, compared with the same period the previous year.

Lower planned refinery runs pushed crude oil exports to 80,000 b/d in March, while strong production from refiners in the previous months and high international prices boosted product exports to 750,000 b/d, up by 162,000 b/d, or 27.6 per cent, from the previous month, and 46,000 b/d, or 6.6 per cent, from March 2010.

Consequently, Chinese net oil imports reversed the four-month upward trend and fell by 290,000 b/d in March to 5.49m b/d.

However, despite this decline, China's net oil imports remained 310,000 b/d above the level of March 2010 and due to the growth in the previous four months, China's net oil imports averaged 5.68m b/d in the first quarter 2011 compared with 4.82m b/d a year ago.

China's crude oil imports from Saudi Arabia fell by a minor 1.5 per cent in March to 1.03m b/d, but the share of the Kingdom edged up slightly to 20 per cent as the decline in imports from Saudi Arabia was lower than the decline in total imports of 1.9 per cent.

Angola was the second-largest supplier with 13.4 per cent, ahead of Iran, which saw its share rise from 9.6 per cent to 10.8 per cent.

India's crude oil imports fell by 127,000 b/d, or 3.6 per cent, in March, offsetting the gain of the previous month, to average 3.88m b/d. However, crude oil imports showed y-o-y growth of almost 43 per cent.

India imported an average of 3.42m b/d of crude oil in the first quarter, up by 500,000 b/d, or 17.3 per cent, from a year earlier. This jump in crude oil imports over a year ago is attributed to higher throughput following the increase in refinery capacities.

Product imports followed the opposite trend and increased by 85,000 b/d, or 26.5 per cent, from the previous month to hit 400,000 b/d, the highest level since the 480,000 b/d recorded last July.

Transportation fuels – diesel and gasoline – were the main contributors to growth as elections in some regions boosted demand. In contrast, imports of LPG and kerosene declined.

When compared with a year earlier, India's product imports displayed a jump of more than 38 per cent.

Similarly, India imported 19 per cent more products in the first quarter of 2011, compared with the same period the previous year. The rise in imports reflects increasing domestic sales which showed y-o-y growth of almost five per cent in March, according to government data.

On the export side, products edged up by a minor 16,000 b/d to nearly 1.27m b/d, the highest level since last October when exports stood at almost 1.28m b/d.

As a result, India's net oil imports fell by 59,000 b/d, or 2.3 per cent, to 2.52m b/d.

Total FSU crude oil exports rebounded from the 6.52m b/d recorded in February to nearly 6.83/b, implying growth of 310,000 b/d, or 4.7 per cent, as production increased. However, when compared with a year earlier, exports showed no growth.

The increase in March came from exports through the Transneft pipelines' system, which rose by 330,000 b/d, or 8.4 per cent, to average 4.33m b/d, the highest level since mid-2006.

Shipments from the Black Sea increased by 12 per cent, or 108,000 b/d, to move back to January's level of 1.0m b/d.

Exports from the Baltic also increased following the end of the maintenance on pipelines to average 1.5m b/d, up by 136,000 b/d, or 9.7 per cent, from February.

Similarly, exports through Druzhba increased to almost 1.2m b/d, up by 56,000 b/d, or five per cent, as refiners from Germany and Poland lifted their requirements for the month.

Deliveries to China through the new pipeline, which started in late 2010, recovered in March to move back to 310,000 b/d, a level hit in January, while shipments from the Kozmino terminal increased a further 21,000 b/d, or 7.2 per cent, to average around 310,000 b/d, the highest so far this year.

Shipments through the Baku-Tbilisi-Ceyhan route rose a further 64,000 b/d to move beyond 780,000 b/d, the highest so far this year and, compared with a year earlier, exports were 100,000 b/d higher in March 2011.

Exports through Russian rail rose by 40,000 b/d, offsetting the drop of the previous month, to average 210,000 b/d.

Deliveries through the CPC pipeline and the Russian-Far East route fell by some 35,000 b/d each to 720,000 b/d and 290,000 b/d, respectively.

In contrast to crude oil, FSU product exports edged down by 34,000 b/d or 1.2 per cent to 2.77m b/d in March. Nevertheless, compared with a year earlier, exports were almost 35,000 b/d higher in March 2011.

Products saw a mixed pattern. Gasoline and naphtha gained around 30,000 b/d each to average 230,000 b/d and 910,000 b/d, respectively. With the exception of jet fuel, which remained stable, all the remaining products saw exports fall.

FSU total oil exports increased by a further 270,000 b/d, or 2.9 per cent, to nearly 9.6m b/d, the highest level since last August when exports stood slightly above 9.6m b/d.

Stock movements

Concerning stock movements, at the end of April, total US commercial oil stocks continued the downward trend observed for the last three months and declined by 1.3m b.

It is worth noting that since February, US commercial stocks have experienced a cumulative loss of almost 36m b.

The draw was mainly attributed to products as they fell by 10.1m b, while crude oil moved in the opposite direction, rising by 8.9m b.

At 1,041.1m b, total US inventories stood at 36.7m b, 3.4 per cent below a year ago at the same period, while still indicating a surplus of

10m b, or one per cent, with the last five-year average.

US commercial crude oil inventories continued climbing in April, reaching their highest level in two years, accumulating a gain of almost 35m b since the beginning of this year.

At 366.5m b, US commercial crude oil inventories showed a surplus of 5.9m b, or 1.6 per cent, with a year ago at the same time, while standing 18.4m b, or 5.3 per cent, above the historical average.

The build in crude oil stocks could be attributed to lower US crude oil refinery inputs as they declined by around 300,000 b/d from the previous month. At 14.1m b/d, crude oil refinery inputs are also below a year ago, indicating a decline of more than 1m b/d.

At the end of April, US refiners operated at 82.8 per cent, 1.6 per cent below the previous month, but almost seven per cent less than a year ago at the same time.

Even with strong product spreads, refiners are hesitant to enter a market when crude oil prices are still high. The build in US commercial crude came despite a significant decline in crude oil imports averaging 8.7m b/d, almost 800,000 b/d below the previous year over the same period and 200,000 b/d below a month ago.

Adding to an overall bearish crude market, Cushing crude stocks at the end of April rose slightly and remain near an all-time high of 40.5m b.

Oil product stocks continued to drop in April to end the month at 674.6m b and drawing almost 60m b since the beginning of this year. The stock-draw widened the deficit with a year ago to 5.9 per cent from 1.8 per cent a month earlier.

Additionally, the surplus over the five-year average seen last month has been reversed to a deficit, standing at 8.6m b, or 1.3 per cent.

With the exception of residual fuel, all other products experienced a stock draw, with the bulk coming from gasoline, followed by distillate stocks.

Gasoline inventories have continued their downward trend since mid-February, decreasing by 12.1m b and ending the month at 204.5m b.

With this drop, gasoline inventories widened the deficit with a year ago to stand at 6.8 per cent, from only 3.3 per cent a month earlier. The surplus with the historical average occurred last month was reversed to a deficit of 2.1 per cent.

On lower refinery runs, gasoline production remains down, contributing to the fall in gasoline stocks. At 8.8m b/d, gasoline production was about 300,000 b/d less than last year at the same time. Higher gasoline demand also contributed to this draw as they increased by 160,000 b/d to average just above 9.0m b/d. However, gasoline demand is almost 200,000 b/d less than a year ago over the same period, as drivers feel the pinch of higher retail prices.

Distillate stocks also fell by 8.4m b for the fourth consecutive month, ending the month at 145.1m b. Despite this drop, US distillate stocks remained 0.2 per cent above a year ago at the same period and 17.2m b, or 13.4 per cent, above the seasonal average.

The decline in US distillate stocks could be attributed to higher demand, which increased by 140,000 b/d to an average of 3.9m b/d. However, high product prices and slowing economic growth continue to dampen distillate consumption.

Higher exports, which are estimated at around 700,000 b/d, also contributed to the decline in distillate stocks. In contrast, the increase in middle distillate production to 4.2m b/d has limited the decline in middle distillate inventories.

Looking forward, the return of refinery production might push up the distillates market, sending it into bearish territory. Residual fuel oil and jet fuel oil saw a mixed picture as residual fuel oil stocks rose by 1.7m b, while jet fuel inventories declined by 1.1m b.

Residual fuel stocks ended April at 38.2m b, but still represent a shortage with a year-ago and the five-year average of 12.1 per cent and 1.9 per cent, respectively. At 39.8m b, jet fuel oil stocks stood 10 per cent below last year at the same period, indicating a deficit of 4.6 per cent with the seasonal norm.

In March, commercial oil stocks in Japan reversed the downward trend observed during the last three months, increasing by 2.0m b to stand at 162.9m b. With this build, Japanese oil inventories stood at 3.3m b or 2.1 per cent above a year ago, while the deficit with the five-year average narrowed slightly to 5.9 per cent, from 6.2 per cent a month earlier. The build in commercial oil stocks can be attributed to crude inventories, which increased by 5.9m b, while product inventories limited the build, declining by 3.9m b.

Japanese crude oil stocks rose in March after two successive months of decline, to stand at 97.9m b.

With the build, stocks stood 4.8m b, or 5.2 per cent, above a year ago, but remained 3.5m b, or 3.4 per cent, below the five-year average.

The build came mainly from a huge decline in crude throughput, outpacing the fall in crude oil imports. The decline in Japanese crude runs was driven by the shut-in of three refineries. The Kashima refinery is expected to restart in June, while the other two refiners are projected to come onstream only by the end of next year.

Indeed, refiners were operating at 76.1 per cent in March, more than 13 per cent below February levels, and 3.1 per cent less than a year ago. This corresponds to Japanese crude runs of 3.37m b/d, representing a drop of 16.4 per cent below a month ago and 11.3 per cent less than a year ago.

Total crude oil imports fell in March by 2.6 per cent to average 3.78m b/d, around 6.3 per cent below a year ago. However, it should be noted that the imports of direct crude-burning for power generation almost tripled from a year earlier to stand at 125,000 b/d, after the quake and tsunami shut many nuclear and thermal power plants, especially in the northeast of Japan.

Looking ahead, the decline in crude oil imports will likely widen in April from March, as the full impact of the quake and tsunami becomes evident.

In contrast to the build in crude, total oil products fell to 65.0m b, the lowest level in more than five years. With the stock-draw, product inventories stood 1.5m b, or 2.2 per cent, below a year ago in the same period, while the deficit with the five-year average widened to 6.7 per cent from 4.9 per cent a month earlier.

The main reason behind the decline in total product inventories was the massive decrease in production, outpacing the decline in oil product sales. In fact, Japan's oil product sales in March fell to 3.4m b/d, down 2.6 per cent from a month earlier and 6.3 per cent from the same time the year before.

The economy in Japan is expected to contract in the current quarter, but it is projected to grow again in the second half, following reconstruction efforts. The government is expected to pass an extra budget of an initial four trillion yen for disaster relief in early May.

All products saw a drop, with the exception of residual fuel, which increased by 1.0m b.

Gasoline stocks fell by 1.6m b to 12.7m b, remaining 3.8 per cent below a year ago and 1.9 per cent below the last five-year average. This drop came despite the fall in gasoline sales, which declined by 1.6 per cent from a month earlier and 4.5 per cent from a year ago.

The events in Japan have disrupted refinery operations, resulting in lower gasoline output, which declined by 9.8 per cent.

Distillate inventories fell by 2.7m b, ending the month at 25.08m b, the lowest level since April 2010. With this draw, distillate stocks remained 3.6 per cent below the five-year average and 2.5 per cent below the same period a year ago.

Within distillate components, all products experienced a decline, with kerosene falling the most by nine per cent, while gasoil and jet fuel inventories dropped by 2.4 per cent and 1.9 per cent, respectively.

The drop in kerosene could be attributed to the massive decline of more than half in kerosene imports, combined with the decrease in kerosene production of 30.6 per cent.

The fall in jet fuel stocks came mainly on the back of higher domestic sales, which more than doubled, as jet fuel production experienced a rise of almost 24 per cent.

Gasoil stocks also dropped, driven by lower imports, which declined by 9.5 per cent, combined with a slight increase of 1.5 per cent in domestic sales.

Residual fuel oil stocks saw a build, to end the month at 15.37m b, leaving them 2.1 per cent below the historical norm and 4.1 per cent lower than the same time a year ago.

The build in residual fuel oil was driven by the increase in fuel oil BC, as fuel oil A experienced a drop.

The build in fuel oil BC could be attributed to lower domestic sales, which declined by 1.8 per cent, combined with an increase in imports of 1.9 per cent. The decline in fuel oil A came on the back of a 12.5 per cent decline in production.

Naphtha stocks saw a slight drop, ending the month at 11.86m b, the lowest level in two months. At this level, they remained 600,000 b, or 5.4 per cent, above a year ago.

In Singapore at the end of March, oil product stocks rose for the second consecutive month – by around 1.0m b – to end the month at 44.13m b, the highest level since November 2010.

Despite this build, product stocks remained 4.6m b, or 9.4 per cent, below last year.

Within products, the picture was mixed, as middle distillates and fuel oil inventories declined by 1.1m b and 140,000 b, respectively, while light distillate stocks rose by 2.2m b.

At 12.05m b, light distillate stocks stood at their highest level for almost one year, but still slightly below the level seen a year ago. The build in light distillate stocks could be attributed to higher gasoline imports. India, China and Saudi Arabia were seen exporting at higher levels, boosting inventories in Singapore.

Looking ahead, light distillate stocks could reverse this upward trend, as more exports are expected to be delivered to Indonesia, following the fire in storage tanks at the country's 380,000 b/d Cilacap refinery.

Middle distillate stocks dropped to end the month at 13.20m b, indicating a surplus of 600,000 b, or 4.7 per cent, above a year earlier.

Higher exports to the US, resulting from a slight open arbitrage, could contribute to draws on distillate stocks. Middle distillate inventories are expected to see some change in the coming month, as Japan is unlikely to export products, following the shut-in of around 13.5 per cent of its total 4.62m b/d refinery capacity.

Fuel oil stocks fell marginally to end the month at 18.9m b and stand at 4.6m b, or 9.9 per cent, below a year ago.

In late-March, stronger bunker demand offset the bulk of arbitrage inflows from the west, keeping inventories almost unchanged.

Going forward, heavier arbitrage inflows from outside the region are likely to continue, at least in the first half of April, leading to more fuel stock-building.

In the Amsterdam-Rotterdam-Antwerp (ARA) area, oil product stocks in March reversed the stock-draw observed last month and increased by 2.54m b, to end the month at 39.27m b, the highest level in a year.

With this build, product stocks in ARA stood 1.9m b, or 5.1 per cent, above a year ago. The bulk of this build came from fuel oil stocks, which increased by 2.7m b, followed by a slight increase of 300,000 b in naphtha, while jet fuel saw a drop of 400,000 b.

Gasoline and gasoil inventories experienced a marginal drop of less than 100,000 b. Fuel oil stocks climbed in March to a six-month high, after dropping the previous month. At 6.1m b, fuel oil stocks stood 300,000 b, or five per cent, below a year ago.

The build in fuel oil stocks could be attributed to a robust increase in imports, especially from Brazil, France and Russia. Lower seasonal demand in the US and Europe also helped boost fuel oil inventories.

Gasoil stocks saw a marginal drop, ending the month at 19.5m b, but remained at comfortable levels, showing a surplus of 3.1m b, or 19.1 per cent.

Gasoil inventories were little changed, as imports from Norway and the US offset total exports to the ARA region.

Gasoline also saw a minor drop, ending the month at 7.34m b and showing a deficit of 9.9 per cent from a year ago. This marginal drop came on the back of the transition to the summer specification for gasoline, from winter.

Jet fuel stocks declined by 400,000 b to stand at 5.7m b, staying 2.8 per cent below the same period a year earlier. This stock-draw came as imports from India and the UAE were outpaced by outflows to the aviation sector and to the Central European pipeline system.

Table A: World crude oil demand/supply balance															*m b/d*
World demand	**2005**	**2006**	**2007**	**2008**	**2009**	**1Q10**	**2Q10**	**3Q10**	**4Q10**	**2010**	**1Q11**	**2Q11**	**3Q11**	**4Q11**	**2011**
OECD	49.9	49.6	49.3	47.6	45.5	45.8	45.2	46.6	46.7	46.1	46.4	45.3	46.6	46.9	46.3
North America	25.6	25.4	25.5	24.2	23.3	23.5	23.8	24.2	24.0	23.9	23.8	23.9	24.4	24.3	24.1
Western Europe	15.7	15.7	15.5	15.3	14.5	14.2	14.1	14.8	14.7	14.5	14.3	14.1	14.7	14.6	14.4
Pacific	8.6	8.5	8.4	8.0	7.7	8.2	7.3	7.6	8.0	7.8	8.2	7.2	7.5	8.0	7.7
Developing countries	22.8	23.6	24.7	25.5	26.1	26.4	26.8	27.0	27.1	26.8	27.0	27.4	27.6	27.7	27.4
FSU	3.9	4.0	4.0	4.1	4.0	4.0	3.8	4.3	4.4	4.1	4.1	3.9	4.4	4.4	4.2
Other Europe	0.8	0.9	0.8	0.8	0.7	0.7	0.6	0.7	0.8	0.7	0.7	0.6	0.7	0.7	0.7
China	6.7	7.2	7.6	8.0	8.3	8.4	9.1	9.2	9.1	9.0	9.1	9.6	9.7	9.6	9.5
(a) Total world demand	**84.1**	**85.2**	**86.5**	**85.9**	**84.6**	**85.3**	**85.5**	**87.8**	**88.0**	**86.7**	**87.3**	**86.8**	**89.0**	**89.2**	**88.1**
Non-OPEC supply															
OECD	20.4	20.1	20.0	19.5	19.7	20.0	19.9	19.5	20.3	19.9	20.2	19.9	19.7	20.0	19.9
North America	14.1	14.2	14.3	13.9	14.4	14.7	14.9	14.9	15.3	15.0	15.3	15.1	15.1	15.3	15.2
Western Europe	5.7	5.3	5.2	4.9	4.7	4.7	4.4	4.0	4.4	4.4	4.3	4.1	4.0	4.2	4.2
Pacific	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.6
Developing countries	11.9	11.9	11.9	12.2	12.5	12.7	12.7	12.8	12.8	12.7	12.9	13.0	13.2	13.4	13.1
FSU	11.5	12.0	12.5	12.6	13.0	13.2	13.2	13.2	13.3	13.2	13.4	13.4	13.4	13.5	13.4
Other Europe	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.6	3.7	3.8	3.8	3.9	4.0	4.1	4.2	4.2	4.1	4.2	4.2	4.2	4.2	4.2
Processing gains	1.9	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Total non-OPEC supply	49.6	49.9	50.4	50.3	51.1	52.1	52.1	51.9	52.9	52.3	52.9	52.7	52.7	53.3	52.9
OPEC NGLS and non-conventionals	3.9	3.9	3.9	4.1	4.3	4.7	4.8	5.2	5.0	4.9	5.1	5.3	5.4	5.4	5.3
(b) Total non-OPEC supply and OPEC NGLS	**53.4**	**53.8**	**54.4**	**54.4**	**55.5**	**56.8**	**56.9**	**57.1**	**57.9**	**57.2**	**58.0**	**58.0**	**58.1**	**58.8**	**58.2**
OPEC crude supply and balance															
OPEC crude oil production[1]	30.7	30.5	30.2	31.2	28.7	29.2	29.1	29.3	29.3	29.2	29.6				
Total supply	84.1	84.3	84.5	85.6	84.2	86.0	86.0	86.4	87.2	86.4	87.6				
Balance[2]	0.0	-0.9	-1.9	-0.3	-0.4	0.7	0.5	-1.4	-0.8	-0.3	0.3				
Stocks															
OECD closing stock level *m b*															
Commercial	2587	2668	2573	2698	2664	2681	2772	2745	2664	2664					
SPR	1487	1499	1524	1527	1564	1567	1562	1549	1561	1561					
Total	4073	4167	4097	4225	4228	4248	4333	4294	4224	4224					
Oil-on-water	954	919	948	969	919	894	897	926	871	871					
Days of forward consumption in OECD															
Commercial onland stocks	52	54	54	59	58	59	59	59	57	58					
SPR	30	30	32	34	34	35	33	33	34	34					
Total	82	84	86	93	92	94	93	92	91	91					
Memo items															
FSU net exports	7.7	8.0	8.5	8.5	9.0	9.2	9.4	8.9	9.0	9.1	9.3	9.5	9.0	9.0	9.2
[(a) – (b)]	**30.7**	**31.5**	**32.1**	**31.5**	**29.1**	**28.5**	**28.6**	**30.7**	**30.2**	**29.5**	**29.3**	**28.8**	**30.9**	**30.5**	**29.9**

1. *Secondary sources.*
2. *Stock change and miscellaneous.*

Note: Totals may not add up due to independent rounding.

Table 1 *above, prepared by the Secretariat's Petroleum Studies Department, shows OPEC's current forecast of world supply and demand for oil and natural gas liquids.*

The monthly evolution of spot prices for selected OPEC and non-OPEC crudes is presented in ***Tables 1 and 2*** *on page 78, while* ***Graphs 1 and 2*** *on page 79 show the evolution on a weekly basis.* ***Tables 3 to 8*** *and the corresponding graphs on pages 80–81 show the evolution of monthly average spot prices for important products in six major markets. (Data for Tables 1–8 is provided courtesy of Platt's Energy Services.)*

Table 1: OPEC Reference Basket crude oil prices

$/b

Crude/Member Country	2010 Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2011 Jan	Feb	Mar	Apr	Weeks 13-17 (week ending) Apr 1	Apr 8	Apr 15	Apr 22	Apr 29
Arab Light – Saudi Arabia	82.75	75.50	73.84	72.63	74.21	74.55	79.93	83.32	89.24	93.59	101.21	110.37	118.27	111.20	117.54	118.39	118.09	119.98
Basrah Light – Iraq	81.35	73.15	72.09	72.14	73.39	73.70	79.36	82.14	88.09	92.33	99.52	109.16	117.05	110.21	116.63	117.16	116.71	118.54
Bonny Light – Nigeria	86.14	76.87	76.00	77.04	78.82	79.65	84.35	86.83	93.08	98.10	105.66	116.75	127.12	118.90	126.79	127.15	126.52	128.92
Es Sider – SP Libyan AJ	84.49	74.87	73.65	74.84	76.27	77.15	82.60	84.93	91.13	96.10	103.51	114.35	124.52	116.46	124.19	124.55	123.92	126.32
Girassol – Angola	84.38	75.53	74.85	74.78	76.55	77.25	82.55	85.80	91.36	96.18	104.42	115.35	123.74	117.31	123.61	123.62	123.04	125.44
Iran Heavy – IR Iran	82.09	74.09	71.83	71.07	73.20	73.58	78.99	82.24	87.81	92.22	99.29	108.05	116.27	108.94	115.26	116.39	116.15	118.28
Kuwait Export – Kuwait	81.64	74.23	72.03	70.69	72.42	72.92	78.10	81.59	87.25	91.45	98.75	107.66	115.64	108.39	114.65	115.74	115.58	117.58
Marine – Qatar	83.62	76.58	73.97	72.54	74.48	75.26	80.31	83.41	88.98	92.69	100.18	108.87	116.41	109.49	115.14	116.51	116.58	118.46
Merey* – Venezuela	73.12	65.86	65.10	65.99	67.19	66.91	71.21	73.07	77.30	80.09	87.51	96.22	104.44	98.75	104.72	104.11	103.73	105.60
Murban – UAE	85.38	78.57	75.90	74.42	76.12	76.93	82.20	85.36	91.06	95.04	102.75	111.93	119.95	112.70	118.50	119.86	120.07	122.49
Oriente – Ecuador	75.45	68.62	69.19	68.72	69.27	70.69	76.42	77.45	82.99	84.80	90.14	105.04	112.82	107.60	112.12	111.45	112.30	115.84
Saharan Blend – Algeria	84.99	75.67	75.05	76.49	78.22	78.95	83.90	86.28	92.46	97.50	105.01	115.95	126.57	118.15	126.24	126.60	125.97	128.37
OPEC Reference Basket	82.33	74.48	72.95	72.51	74.15	74.63	79.86	82.83	88.56	92.83	100.29	109.84	118.09	111.07	117.53	118.20	117.70	119.79

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

$/b

Crude/country	2010 Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2011 Jan	Feb	Mar	Apr	Weeks 13-17 (week ending) Apr 1	Apr 8	Apr 15	Apr 22	Apr 29
Minas – Indonesia[1]	90.24	82.47	78.87	75.59	77.93	79.47	83.35	85.96	94.98	99.74	105.29	114.62	127.19	114.10	114.81	112.41	115.48	117.14
Arab Heavy – Saudi Arabia	81.13	73.72	71.19	69.59	71.42	71.88	76.98	80.62	86.11	90.26	97.20	105.80	113.74	105.97	106.88	103.79	106.37	106.46
Brega – SP Libyan AJ	84.89	75.37	74.35	75.49	77.12	77.95	83.00	85.58	91.78	96.75	104.16	115.00	125.62	114.84	114.79	113.06	115.82	116.90
Brent – North Sea	84.79	75.57	74.85	75.64	77.07	77.80	82.75	85.33	91.53	96.35	103.76	114.60	123.72	114.44	114.39	112.66	115.42	116.50
Dubai – UAE	83.59	76.49	73.99	72.49	74.28	75.13	80.22	83.72	89.17	92.33	99.93	108.71	116.01	108.78	109.77	106.71	109.30	109.20
Ekofisk – North Sea	85.59	75.96	76.15	76.75	78.22	78.87	83.68	86.33	92.72	97.54	104.65	116.27	124.98	115.98	115.95	114.28	117.33	118.19
Iran Light – IR Iran	82.70	73.21	73.13	73.39	75.06	76.82	82.32	84.38	90.60	94.90	100.91	111.44	118.93	110.74	111.16	109.64	112.69	113.14
Isthmus – Mexico	83.42	73.73	73.41	74.30	75.50	74.16	79.58	82.03	88.17	90.46	94.56	107.97	117.90	107.60	108.07	105.24	108.91	110.17
Oman – Oman	83.67	76.75	74.18	72.59	74.57	75.43	80.44	83.91	89.24	92.49	100.27	109.00	116.56	109.20	110.09	106.98	109.53	109.61
Suez Mix – Egypt	79.70	70.42	71.47	70.91	72.58	74.63	78.76	81.97	86.88	90.87	98.64	108.40	116.50	108.88	108.37	106.55	109.00	109.80
Tia Juana Light[2] – Venez.	81.67	72.04	71.65	72.74	74.07	72.60	77.91	80.14	85.97	88.37	92.85	105.60	115.31	105.32	105.69	102.92	106.51	107.75
Urals – Russia	82.51	74.10	74.37	73.80	75.45	77.39	81.53	84.74	89.74	93.56	101.49	111.50	119.60	112.31	111.46	109.47	112.03	112.76
WTI – North America	84.44	73.65	75.29	76.11	76.62	75.14	81.89	84.08	89.15	89.49	89.40	102.99	109.89	101.08	103.65	100.00	104.42	105.61

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

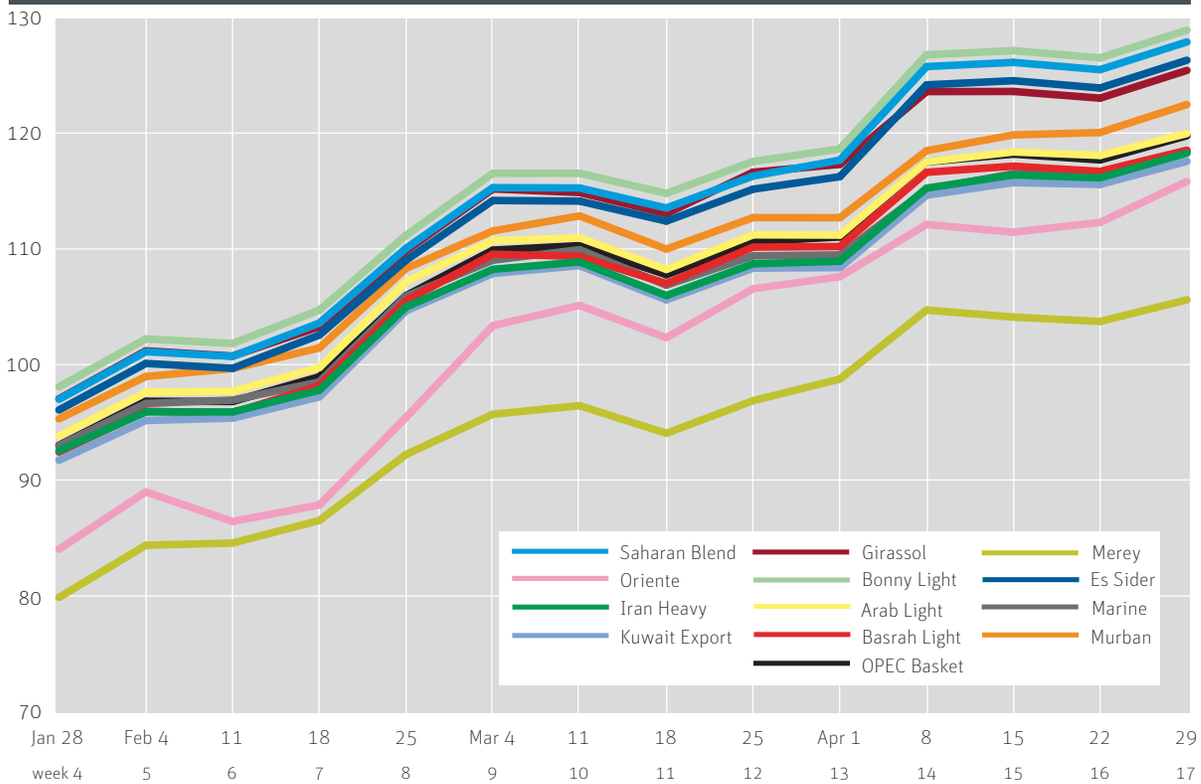
* *Upon the request of Venezuela, and as per the approval of the 111th ECB, BCF-17 has been replaced by Merey as of January 2009. The ORB has been revised as of this date.*

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

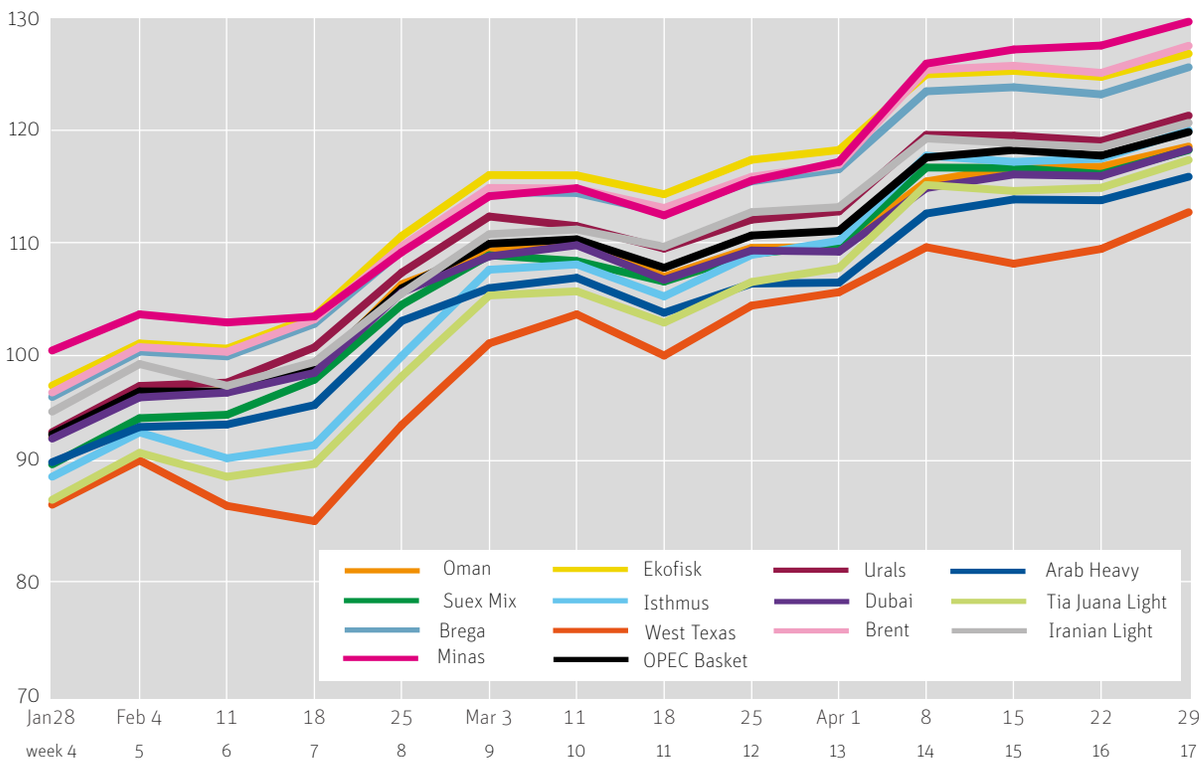
Brent for dated cargoes; Urals cif Mediterranean. All others fob loading port.

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

Graph 1: Evolution of the OPEC Reference Basket crudes, 2010 *$/b*



Graph 2: Evolution of spot prices for selected non-OPEC crudes, 2010 *$/b*



Note: As per the decision of the 109th ECB (held in February 2008), the OPEC Reference Basket (ORB) has been recalculated including the Ecuadorian crude Oriente retroactive as of October 19, 2007. As per the decision of the 108th ECB, the basket has been recalculated including the Angolan crude Girassol, retroactive January 2007. As of January 2006, monthly averages are based on daily quotations (as approved by the 105th Meeting of the Economic Commission Board). As of June 16, 2005 (ie 3W June), the ORB has been calculated according to the new methodology as agreed by the 136th (Extraordinary) Meeting of the Conference. As of January 2009, the ORB excludes Minas (Indonesia).
Upon the request of Venezuela, and as per the approval of the 111th ECB, BCF-17 has been replaced by Merey as of January 2009. The ORB has been revised as of this date.

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

$/b

		naphtha	regular gasoline unleaded	premium gasoline 50ppm	diesel ultra light	jet kero	fuel oil 1%S	fuel oil 3.5%S
2010	April	81.43	72.19	94.75	95.83	96.16	69.94	67.51
	May	75.25	71.87	85.03	87.79	88.68	73.25	70.47
	June	72.81	71.29	85.50	87.03	84.66	76.70	73.31
	July	69.33	72.22	85.63	89.10	84.77	70.16	67.44
	August	73.29	72.97	86.77	88.21	89.01	70.33	66.24
	September	75.12	73.31	89.26	90.47	90.19	71.28	66.74
	October	83.47	73.65	96.08	96.88	96.35	72.50	68.62
	November	86.37	74.36	99.26	98.67	99.07	75.18	74.09
	December	93.15	75.66	103.44	104.15	105.26	76.54	76.19
2011	January	100.10	77.75	104.18	111.35	113.13	78.28	81.73
	February	103.29	79.10	107.91	116.47	115.17	82.77	84.65
	March	104.63	80.22	108.35	117.35	115.96	83.16	85.59
	April	108.74	84.22	112.96	121.62	118.96	85.36	87.66

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

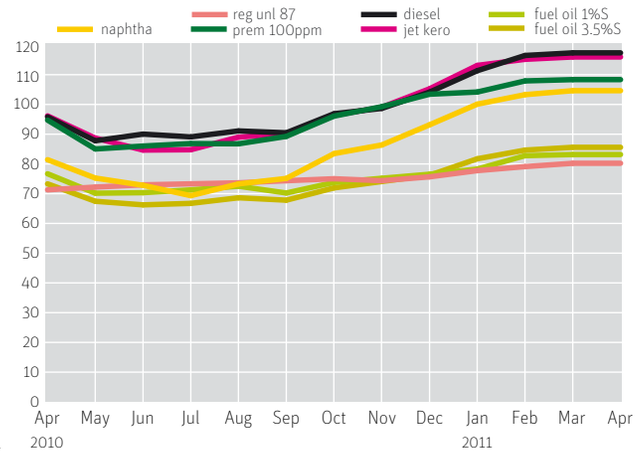


Table and Graph 4: South European market — spot cargoes, fob Italy

$/b

		naphtha	premium gasoline 50ppm	diesel ultra light	fuel oil 1%S	fuel oil 3.5%S
2010	April	79.52	56.58	64.30	76.90	73.02
	May	73.26	59.76	59.76	69.78	66.58
	June	70.99	59.98	60.01	68.04	65.99
	July	66.56	59.99	60.23	70.62	65.61
	August	71.39	59.99	60.23	71.80	68.87
	September	73.69	60.19	60.26	70.21	66.78
	October	81.91	60.22	60.40	72.90	71.76
	November	84.55	61.15	60.52	74.36	72.38
	December	90.81	61.60	60.55	75.98	73.77
2011	January	93.16	64.63	67.86	78.79	75.93
	February	95.86	69.33	70.41	83.19	80.26
	March	96.09	69.49	71.14	84.82	81.40
	April	98.85	75.51	75.15	89.81	83.56

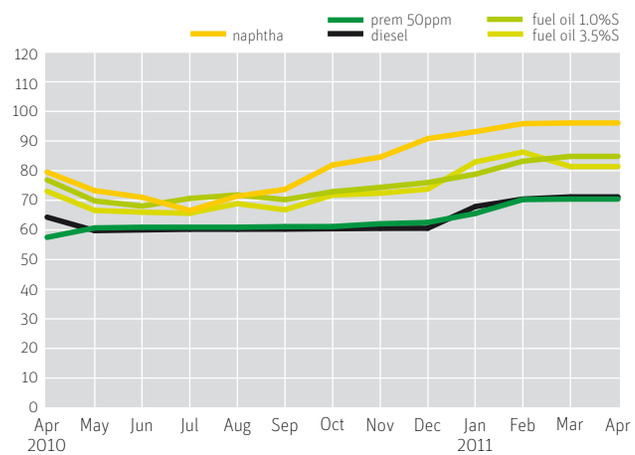
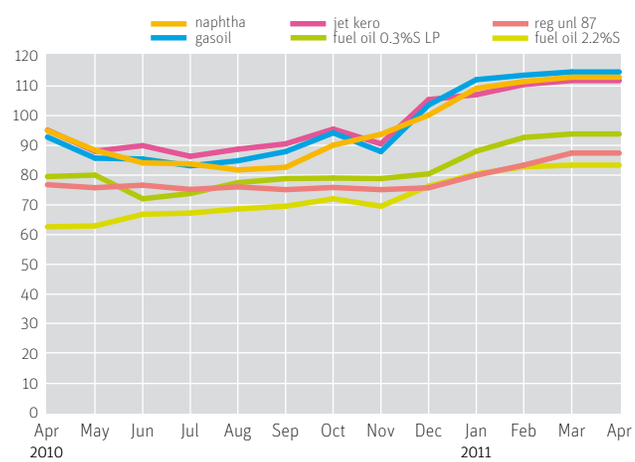


Table and Graph 5: US East Coast market — spot cargoes, New York

$/b, duties and fees included

		naphtha	regular gasoline unleaded 87	gasoil	jet kero	fuel oil 0.3%S	fuel oil 2.2%S
2010	April	78.10	94.96	83.05	84.96	76.68	62.74
	May	77.27	88.39	87.63	90.51	77.38	62.16
	June	76.76	84.12	92.79	95.13	79.53	62.63
	July	75.77	83.78	85.69	88.03	80.00	62.95
	August	76.62	81.74	85.41	89.91	72.06	66.84
	September	75.19	82.62	83.14	86.31	73.83	67.26
	October	76.05	90.07	84.83	88.71	77.47	68.63
	November	75.12	93.72	87.90	90.51	78.83	69.56
	December	75.74	100.15	103.55	105.38	80.41	76.28
2011	January	79.97	109.14	112.07	107.02	88.04	80.43
	February	83.36	111.45	113.57	110.43	92.65	82.80
	March	87.41	112.90	114.66	111.77	93.82	83.35
	April	89.00	114.02	116.86	114.98	98.72	86.93



Source: Platts. Prices are average of available days.

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

$/b

		naphtha	gasoil	jet kero	fuel oil 2%S	fuel oil 2.8%S
2010	April	88.59	59.41	96.02	77.41	76.40
	May	81.08	57.03	88.07	70.78	69.65
	June	81.67	56.93	87.77	70.14	68.99
	July	79.60	56.29	86.41	70.51	69.36
	August	77.25	57.07	89.08	71.88	70.80
	September	79.04	57.72	89.93	68.79	67.39
	October	83.85	59.70	95.56	68.95	67.49
	November	86.27	60.57	98.63	70.47	69.02
	December	93.71	62.32	104.16	73.13	71.68
2011	January	98.29	62.38	104.78	82.79	77.74
	February	99.77	67.77	106.59	87.31	79.43
	March	100.55	69.12	107.04	88.24	81.57
	April	104.76	74.09	109.96	90.90	83.48

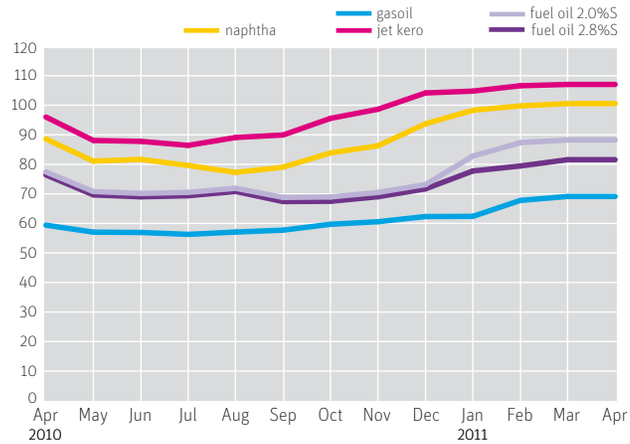


Table and Graph 7: Singapore market — spot cargoes, fob

$/b

		naphtha	premium gasoline unl 95	premium gasoline unl 92	diesel ultra light	jet kero	fuel oil 180 Cst	fuel oil 380 Cst
2010	April	83.13	94.06	95.24	95.91	94.82	76.33	75.57
	May	77.43	85.12	88.30	89.24	88.12	71.10	71.15
	June	72.42	83.26	81.54	87.36	86.64	71.45	68.31
	July	68.57	82.42	81.99	86.32	85.32	69.68	68.46
	August	73.31	82.52	80.83	88.10	87.23	71.32	69.58
	September	74.52	82.55	80.58	88.53	87.81	70.07	68.92
	October	82.97	89.71	87.66	94.97	94.30	74.42	73.05
	November	87.26	93.21	91.15	98.59	97.87	77.71	75.85
	December	93.83	102.09	100.02	104.40	103.53	80.20	78.57
2011	January	96.87	110.17	108.52	108.17	110.43	82.59	82.95
	February	97.39	112.20	110.97	111.46	112.29	84.69	86.62
	March	98.13	113.95	111.25	112.94	113.07	85.17	87.14
	April	100.83	118.36	113.13	115.79	115.55	87.09	89.71

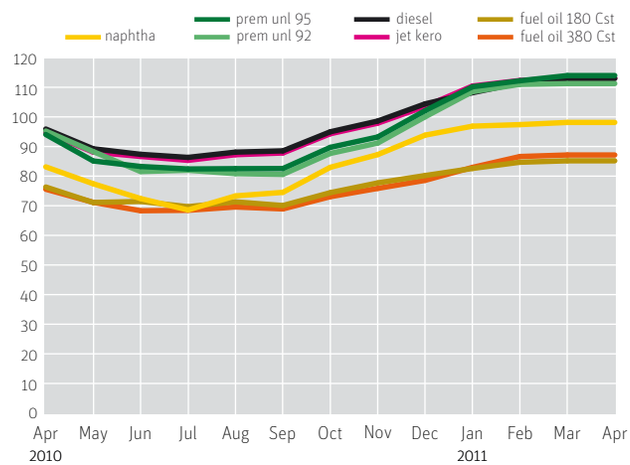
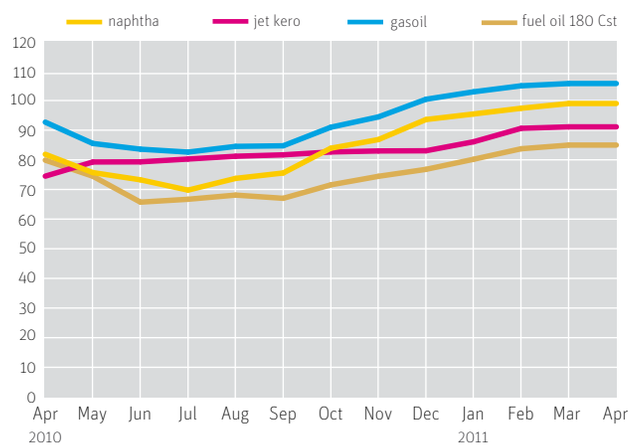


Table and Graph 8: Middle East Gulf market — spot cargoes, fob

$/b

		naphtha	gasoil	jet kero	fuel oil 180 Cst
2010	April	81.87	92.71	74.48	79.88
	May	75.69	85.51	79.27	74.46
	June	73.25	83.59	79.31	65.72
	July	69.77	82.60	80.26	66.69
	August	73.73	84.53	81.20	68.10
	September	75.56	84.73	81.68	67.01
	October	83.91	90.99	82.65	71.55
	November	86.82	94.47	82.99	74.43
	December	93.59	100.43	83.05	76.78
2011	January	95.46	102.94	86.08	80.18
	February	97.39	104.97	90.62	83.73
	March	99.00	105.74	91.12	84.97
	April	102.29	110.09	94.49	87.10



Source: Platts. Prices are average of available days.

Forthcoming events

Gasifcation, June 6–7, 2011, London, UK. Details: SMi Group Ltd, Unit 122, Great Guildford Business Square, 30 Great Guildford Street, London SE1 0HS, UK. Tel: +44 207 827 6000; fax: +44 207 827 6001; e-mail: client_services@smi-online.co.uk; website: www.smi-online.co.uk.

11th World XTL summit, June 7–8, 2011, London, UK. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.thecwcgroup.com.

Nigeria oil and gas technology 2011, June 7–9, 2011, Lagos, Nigeria. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.thecwcgroup.com.

Renewable energy world Europe 2011, June 7–9, 2011, Milan, Italy. Details: Pennwell, The Water Tower, Gunpowder Mill, Powdermill Lane, Waltham Abbey, Essex EN9 1BN, UK. Tel: +44 199 265 66 00; fax: +44 199 265 67 00; e-mail: exhibitpge@pennwell.com; website: www.renewableenergyworld-europe.com/index.html.

World NGL congress 2011, June 7–9, 2011, London, UK. Details: Terrapinn Holdings Ltd, First Floor, Modular Place, Turnberry Office Park, 48 Grosvenor Road, Bryanston 2021, South Africa. Tel: +27 11 516 4000; fax: +27 11 463 6000; e-mail: enquiry.za@terrapinn.com; website: www.terrapinn.com.

Caspian oil and gas conference, June 8–9, 2011, Baku, Azerbaijan. Details: ITE Group plc, Oil and Gas Division, 105 Salusbury Road, London NW6 6RG, UK. Tel: +44 207 596 5233; fax: +44 207 596 5106; e-mail: oilgas@ite-exhibitions.com; website: ite-exhibitions.com.

Fundamentals of petroleum economics, June 9, 2011, London, UK. Details: IBC Global Conferences, The Bookings Department, Informa UK Ltd, PO Box 406, West Byfleet KT14 6WL UK; Tel: +44 207 017 55 18; fax: +44 207 017 47 15; e-mail: energycustserv@informa.com; website: www.ibcenergy.com.

Improving hydrocarbon recovery and productivity from the mature fields, June 9–10, 2011, Cartagena, Colombia. Details: Society of Petroleum Engineers, PO Box 833836, Richardson, TX 75083-3836, USA. Tel: +1 972 952 393; fax: +1 972 952 9435; e-mail: spedal@spe.org; website: www.spe.org.

Portfolio management in oil and gas assets, June 9–10, 2011, London, UK. Details: Energy Institute, 61 New Cavendish Street, London W1G 7AR, UK. Tel: +44 207 467 7116; fax: +44 207 580 2230; e-mail: jwarner@energyinst.org.uk; website: www.energyinst.org.uk.

China (Guangzhou) international energy congress and exhibition, June 9–11, 2011, Guangzhou, China. Details: 29th floor, Unit A, South tower, Continental Center, No.1068, Xingangdong Road, Guangzhou, Guangdong, PR of China. Tel: +86 20 89 04 80 57; +86 20 89 04 80 97; fax: +86 20 89 04 80 96; e-mail: info@enertechexpo.com; website: www.enertechexpo.com/en/index.asp.

5th annual Texas power markets, June 11–12, 2011, Houston, TX, USA. Details: Platts, 20 Canada Square, Canary Wharf, London E14 5LH, UK. Tel: +44 207 1766142; fax: +44 207 176 8512; e-mail: cynthia_rugg@platts.com; website: www.events.platts.com.

Deep wells challenges, June 12–14, 2011, Egypt. Details: Society of Petroleum Engineers, Dubai Knowledge Village, Block 17, Offices S07-S09, PO Box 502217, Dubai, UAE. Tel: +971 4 390 3540; fax: +971 4 366 4648; e-mail: spedub@spe.org; website: www.spe.org.

8th MidEast North Africa upstream, June 13, 2011, Geneva, Switzerland. Details: Global Pacific Partners, Suite 7, 4 Montpelier Street, Knightsbridge, London SW7 1EE, UK. Tel: +44 207 589 7804; fax: +44 207 589 7814; e-mail: babette@glopac.com; website: www.petro21.com.

BioGas, June 13–14, 2011, London, UK. Details: SMi Group Ltd, Unit 122, Great Guildford Business Square, 30 Great Guildford Street, London SE1 0HS, UK. Tel: +44 207 827 6000; fax: +44 207 827 6001; e-mail: client_services@smi-online.co.uk; website: www.smi-online.co.uk.

CAT TECH 2011, June 13–14, 2011, Dubrovnik, Croatia. Details: Euro Petroleum Consultants Ltd, 44 Oxford Drive, Bermondsey Street, London SE1 2FB, UK. Tel. +44 (0) 20 7357 8394; fax. +44 (0) 20 7357 8395; e-mail: enquiries@europetro.com; website: ww.europetro.com.

Onshore pipeline engineering course, June 13–16, 2011, London, UK. Details: IBC Global Conferences, The Bookings Department, Informa UK Ltd, PO Box 406, West Byfleet KT14 6WL UK. Tel: +44 207 017 55 18; fax: +44 207 017 47 15; e-mail: energycustserv@informa.com; website: www.ibcenergy.com.

Price risk management in the oil industry, June 13–18, 2011, London, UK. Details: Energy Institute, 61 New Cavendish Street, London W1G 7AR, UK. Tel: +44 207 467 7116; fax: +44 207 580 2230; e-mail: jwarner@energyinst.org.uk; website: www.energyinst.org.uk.

Exploiting unconventional gas, June 14, 2011, London, UK. Details: Energy Institute, 61 New Cavendish Street, London W1G 7AR, UK. Tel: +44 207 467 7116; fax: +44 207 580 2230; e-mail: jwarner@energyinst.org.uk; website: www.energyinst.org.uk.

Americas unconventional gas conference, June 14–16, 2011, The Woodlands, TX, USA. Details: Society of Petroleum Engineers, 10777 Westheimer, Suite #335, Houston, TX 77042, USA. Tel: +1 713 779 9595; fax: +1 713 779 4216; e-mail: spehou@spe.org; website: www.spe.org.#

Europe shale gas conference 2011, June 14–16, 2011, Warsaw, Poland. Details: CWC Associates Ltd, Regent House, Oyster Wharf, 16–18 Lombard Road, London SW11 3RF, UK. Tel: +44 207 978 000; fax: +44 207 978 0099; e-mail: sshelton@thecwcgroup.com; website: www.thecwcgroup.com.

Brazil offshore exhibition and conference, June 14–17, 2011, Macaé, Brazil. Details: Society of Petroleum Engineers, PO Box 833836, Richardson, TX 75083-3836, USA. Tel: +1 972 952 393; fax: +1 972 952 9435; e-mail: spedal@spe.org; website: www.spe.org.

Realization of the future smart grid, June 15–16, 2011, London, UK. Details: SMi Group Ltd, Unit 122, Great Guildford Business Square, 30 Great Guildford Street, London SE1 0HS, UK. Tel: +44 207 827 6000; fax: +44 207 827 6001; e-mail: client_services@smi-online.co.uk; website: www.smi-online.co.uk.

9th International Bottom of the barrel technology conference, June 15–16, 2011, Dubrovnik, Croatia. Details: Euro Petroleum Consultants Ltd, 44 Oxford Drive, Bermondsey Street, London SE1 2FB, UK. Tel. +44 207 357 8394; fax: +44 207 357 8395; e-mail: enquiries@europetro.com; website: ww.europetro.com.

Refining economics, June 16–17, 2011, Singapore. Details: Conference Connection Administrators Pte Ltd, 105 Cecil Street #07-02, The Octagon, 069534 Singapore. Tel: +65 6222 0230; fax: +65 6222 0121; e-mail: info@cconnection.org; website: www.cconnection.org.

2nd Green refining and petrochemicals, June 17, 2011, Dubrovnik, Croatia. Details: Euro Petroleum Consultants Ltd, 44 Oxford Drive, Bermondsey Street, London SE1 2FB, UK. Tel. +44 207 357 8394; fax: +44 207 357 8395; e-mail: enquiries@europetro.com; website: ww.europetro.com.

Carbon capture and sequestration (CCS), June 19–22, 2011, Brisbane, Australia. Details: Society of Petroleum Engineers, Suite B-11-11, Level 11, Block B, Plaza Mont'Kiara, Jalan Bukit Kiara, Mont'Kiara, 50480 Kuala Lumpur, Malaysia. Tel: +60 36201 2330; fax: +60 36201 3220; e-mail: spekl@spe.org; website: www.spe.org.

Onshore E&P, June 20–21, 2011, London, UK. Details: SMi Group Ltd, Unit 122, Great Guildford Business Square, 30 Great Guildford Street, London SE1 OHS, UK. Tel: +44 207 827 6000; fax: +44 207 827 6001; e-mail: client_services@smi-online.co.uk; website: www.smi-online.co.uk.

World national oil companies congress 2011, June 20–24, 2011, London, UK. Details: Terrapinn Holdings Ltd, First Floor, Modular Place, Turnberry Office Park, 48 Grosvenor Road, Bryanston 2021, South Africa. Tel: +27 11 516 4000; fax: +27 11 463 6000; e-mail: enquiry.za@terrapinn.com; website: www.terrapinn.com.

5th Australasian energy players, June 21, 2011, Perth, Australia. Details: Global Pacific Partners, Suite 7, 4 Montpelier Street, Knightsbridge, London SW7 1EE, UK. Tel: +44 207 589 7804; fax: +44 207 589 7814; e-mail: babette@glopac.com; website: www.petro21.com.

12th Asia olefins and polyolefins markets, June 21–22, 2011, Shanghai, China. Details: Centre for Management Technology, 80 Marine Parade Road #13–02, Parkway Parade, 449269 Singapore. Tel: +65 6345 7322/6346 9132; fax: +65 6345 5928; e-mail: cynthia@cmtsp.com.sg; website: www.cmtevents.com.

Vienna energy conference 2011, June 21–23, 2011, Vienna, Austria. Details: UNIDO Headquarters, Vienna International Centre, Wagramerstrasse 5, PO Box 300, A-1400 Vienna, Austria. Tel: +43 1 26 026-0; fax: +43 1 26 92 669; e-mail: unido@unido.org; website: www.unido.org.

How can we build a better world? June 22–25, 2011, Brussels, Belgium. Details: Crans Montana Forum, Switzerland. Tel: +37 79 77 07 000; fax: +37 79 77 07 040; e-mail: info@cmf.ch; website: www.cmf.ch.

Bunker fuel blending technology and economics, June 23–24, 2011, Singapore. Details: Conference Connection Administrators Pte Ltd, 105 Cecil Street #07–02, The Octagon, 069534 Singapore. Tel: +65 6222 0230; fax: +65 6222 0121; e-mail: info@cconnection.org; website: www.cconnection.org.

3rd Annual FLNG technical masterclass, June 23–24, 2011, London, UK. Details: IBC Global Conferences, The Bookings Department, Informa UK Ltd, PO Box 406, West Byfleet KT14 6WL, UK. Tel: +44 207 017 55 18; fax: +44 207 017 47 15; e-mail: energycustserv@informa.com; www.ibcenergy.com.

Competition 2011, June 24, 2011, London, UK. Details: Chatham House, 10 St James's Square, London SW1Y 4LE, UK. Tel: +44 207 957 5700; fax: +44 207 957 5710: e-mail: contact@chathamhouse.org; website: www.chathamhouse.org.uk.

Gas storage, June 27–28, 2011, London, UK. Details: SMi Group Ltd, Unit 122, Great Guildford Business Square, 30 Great Guildford Street, London SE1 OHS, UK. Tel: +44 207 827 6000; fax: +44 207 827 6001; e-mail: client_services@smi-online.co.uk; website: www.smi-online.co.uk.

Gasoline and diesel blending technology and economics, June 27–29, 2011, Singapore. Details: Conference Connection Administrators Pte Ltd, 105 Cecil Street #07–02, The Octagon, 069534 Singapore. Tel: +65 6222 0230; fax: +65 6222 0121; e-mail: info@cconnection.org; website: www.cconnection.org.

Negotiating techniques for the oil and gas industry, June 28–30, 2011, London, UK. Details: Energy Institute, 61 New Cavendish Street, London W1G 7AR, UK. Tel: +44 207 467 7116; fax: +44 207 580 2230; e-mail: jwarner@energyinst.org.uk; website: www.energyinst.org.uk.

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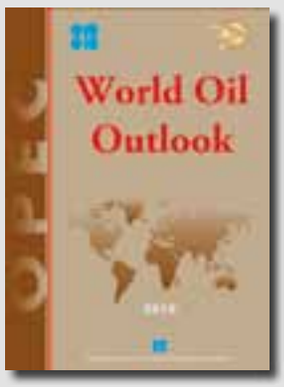

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